

A LEARNING PROGRAMME TO INTRODUCE
BUSINESS ACUMEN:
A BASIC ECONOMIC LITERACY PROJECT

BY

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DECLARATION

I hereby declare that:

A LEARNING PROGRAMME TO INTRODUCE BUSINESS ACUMEN:

A BASIC ECONOMIC LITERACY PROJECT

is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references, and that this dissertation was not previously submitted by myself for a degree at any other university.



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PREFACE

TITLE	A learning programme to introduce Business Acumen: A basic Economic Literacy project
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The progress of a society depends, not only on its capital, natural resources and technology, but it depends on the education or literacy of its workers and educated labour has access to pertinent economic information. Thus, success in the educational area is a decisive element to ensure economic competitiveness of the new South Africa.

With the twenty-first century approaching and South Africa undergoing radical transformation, the necessity of having an economically literate society is becoming more imperative.

Business activities are encountered by all people and all institutions on a daily basis. Competitive business is accepted as a way of life in most Western countries. The way to achieve success in business, is to understand how businesses operate.

Centre stage to the transformation process of education in South Africa is the rapidly changing structure to an outcomes-based system. Eight learning areas are identified and this research resorts under the learning area of Economic and Management sciences.

Present research is intended to be used in school context for Grade 8, to introduce commercial concepts and provide an introductory framework to be used as platform in daily economic occurrences or for more intensive study.

Research methodology includes a thorough literature study to find out what other researchers conclude on the topic. The qualitative method of research and questionnaires were utilized to accumulate information on business acumen. Use was also made of description to report what the current situation is concerning business acumen. The quantitative method of research is also made use of as method of testing the success of the programme. A pre-test as well as a posttest was administered to the same group of students at the night school of the President Steyn Gold mine as initial testing. A second set of tests were conducted to a group of grade eight learners at the Nanabolela Secondary School to ensure validity of the learning programme.

The conclusion was reached that it would require adaptation by schools to introduce such programme, but that the time was ripe for change and such change could only be advantageous to learners. Adult education could also benefit from such programme which would serve to facilitate a smoother progress of any course in commercial subjects.

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CHAPTER ONE

AIMS AND METHODOLOGY OF RESEARCH

*Knowledge is the most powerful engine of production;
it enables us to subdue Nature and satisfy our wants.*

Marshall in Schultz (1993:23)

1.1 ORIENTATION

During the early middle ages, society was organized in such a way that a number of families lived in small villages and worked for the lord who owned the land. Simple urban industries only arose during the Renaissance period in the fifteenth century. Banking and bookkeeping also developed during the Renaissance period, giving rise to the study of managerial problems (Cronje, et al 1987:18-19).

Entrepreneurs appeared during the Industrial Revolution. The end of the nineteenth century saw the beginning of mass-production. This occurrence initiated a demand for more products as well as a higher standard of living. It soon became evident that the new form of organisation could not be handled by experience alone, and the need for professional management became apparent. Business science then came into being as a discipline to investigate the running of successful businesses (Cronje, et al 1987:18-19).

Commerce is therefore studied to achieve success in trade because it promotes understanding of how businesses operate. For those educated in commerce, exciting opportunities will emerge worldwide as the twenty-first century is approached. The new era of commerce will demand business leaders who are knowledgeable about the commencing, operation and sustenance of exchange and trade (Skinner and Ivancevich 1992:7-9).

Self-sufficiency plays a major role in human existence and commercial studies facilitates humans to live an enlightened life. The most important purpose of studying commerce is to prepare humans to cope with change, because business is dynamic and inevitable changes constantly occur. To be able to cope with both predictable and unpredictable economic incidences, life could be less traumatic if knowledge about commerce were commonplace (Skinner and Ivancevich 1992:9-11).

Competitive business today is accepted as a way of life in most western countries. Commerce influences the lives of all people either as customer or as participant in some or other business activity (Humphrey and Halse 1987:1). Heine (April 1996) speculates that business is also aware of the *man on the street* as an employee and consumer and is very sensitive to the social and political environment in which it has to operate.

Everybody in the modern world encounters business activities on a daily basis. Housewives, domestic servants, gardeners and manual labourers all form a part of the economic system,

therefore, satisfaction of needs of people is dependent on mercantile enterprises. Income and related standards of living are usually proportional to the contribution to economic activity made by individuals (Du Plessis 1987:3).

Taylor in Marx and Churr (1985:38) remarks that application of the principles of exchange and trade play a very important role in the daily life and welfare of human beings. These principles are applicable to the management of individual homes, farms, the business of tradesmen, churches, philanthropic organizations, universities, and governmental departments (Taylor in Marx and Churr 1985:38).

It can be concluded that knowledge of business, trade and exchange, commerce or economic dealings, or by whatever designation it may be called by, such knowledge is essential to everyday activities and can only be brought about through education.

1.2 INTRODUCTION

As early as 1776, Adam Smith (Chetty 1996:11) reflected about the concept **human capital**, but did not regard it to be fundamental to the process of economic growth (Chetty 1996:11).

The modern conception of economic development consists of much more than growth of output levels and growth in per capita incomes, it also includes better education and a richer cultural

life. The challenge of such development is thus to improve the quality of life of individuals (World Bank in Vosloo 1994:31-51).

The progress of a society depends not only on its capital, natural resources and technology, but it also depends on the education or literacy of its workers. This opinion is supported by the experience of industrial employers who found that educated and literate individuals who had a minimum of schooling are more easily trainable. Educated people apparently develop an aptitude for remembering what they were taught (Street 1993:185).

Currently it is assumed that a universal need exists to raise standards of education for all young people. This partially is an economical concern, because all economies rely on having an adequately-educated, versatile, work-force able to initiate and activate innovation (Barber 1995:75).

Humphrey and Halse (1987:2) contend that knowledge of how businesses operate, should become compulsory education for everyone. Most people move into the business world after leaving school, notwithstanding the fact that very few people fully understand the functioning of exchange and trade.

In addition to above argument, Malan (1997:2) declares that people across the world have been feeling grossly dissatisfied with education and training. Education is currently considered as ineffective and as irrelevant and pupils leaving school are not equipped to cope with relevant lifeskills demands.

Education is a means to increase the mobility of a labour force, therefore educated labour should have access to pertinent economic information (Schultz 1993:171). Most of the countries throughout the world share the common goal of harnessing education and training for the purpose of meeting the demand of a skilled and flexible workforce for the future (Tomlinson 1993:4).

South Africa is experiencing many growth problems at national level, these include a vast growth in population and increasing numbers of students. Directly in contrast to above mentioned growth, a lack of economic growth, necessary for development and prosperity, is experienced. Proposed changes in the educational system are attempting to address this shortcoming as well as the problem of lack of skilled labour (Du Preez 1997:1).

Meaningful education should be made available to as many South Africans as possible, because success in the educational area is a decisive element to ensure economic competitiveness of the new South Africa (Africa 1994:10-11). It demands new thinking and innovative ideas, but an instant formula to achieve this intent does not exist. The strengths and weaknesses of the present educational system should be examined and students should be trained in areas where jobs are available (Africa 1994:10-11).

It was advocated that education should become more relevant to present demands and it should also be more accountable. This paradigm shift has implications for curriculum development,

assessment practices and procedures and the advantages and disadvantages of national systems of assessment were debated (Malan 1997:2).

With the twenty-first century approaching and South Africa undergoing radical transformation, the necessity of having an economically literate society is becoming more imperative. Only individuals who are given the advantage to base decisions on intelligent reasoning and knowledge of the various economic alternatives will eventually benefit maximally from the economic system (Bisschoff 1992:1).

The growth and development strategy of South Africa envisages the creation of 400 000 to 500 000 jobs per year by the year 2000. The government as well as large enterprises will not be able to create so many jobs and the onus will rest on small and medium enterprises to create jobs. This task will have to be undertaken by entrepreneurs. Therefore entrepreneurship education is becoming a *sine qua non* to the curriculum in schools throughout the country (Howden 1996:26).

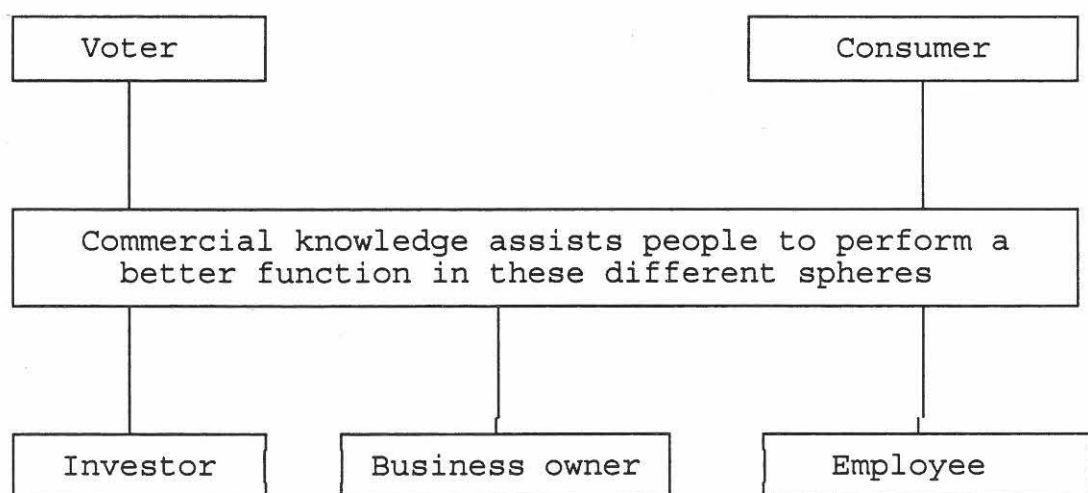
Investment in human capital resources is imperative, not only to improve standards of living, but for economic development. Such investment would need an educational underpinning.

1.3 JUSTIFICATION FOR STUDY OF ECONOMIC AND MANAGEMENT SCIENCES AS SUBJECT

The question why economic and management sciences should be studied, is rationalised by (Kreitner, et al 1990:5) as follows:

- * the first reason for studying commerce is to learn the specialized language that is spoken by businessmen, to be able to differentiate between a partnership and a corporation and other important business terms;
- * in daily routine everybody performs a number of different roles (see Figure 1.1). Knowledge of commerce could only benefit people to perform mentioned functions in a more competent manner (Kreitner, et al 1990:5).

FIGURE 1.1: Different Roles Performed by people daily
VARIOUS PERSONAL CAPACITIES



(Kreitner, et al 1990:5).

Each of the above roles performed by people, reviewed from a commercial perspective implies that citizens should be:

- * more informed consumers, because studying commerce assists a person to make the correct decisions as a client;
- * better employees, which involves more than getting to work on time and fulfilling job requirements;
- * successful business owners or managers, because substantial business management skills are needed to make a new business succeed;
- * wiser investors, investment being not only intended for wealthy people, but also for employees who contribute to a retirement fund; and
- * informed voters because important economic matters are also politically motivated and successful business people are in a position to consider economic issues intelligently when voting (Kreitner, et al 1990:6-8).

Modern life compels individuals to have insight and understanding of economic or commercial problems and procedures (Becker 1989:9). Without knowledge of commerce, no person can optimally be involved in the community and be considered adequately equipped to take on social responsibility. Commercial knowledge can be promoted through the education of commercial subjects

which will provide business acumen (Becker (1989:9)).

1.4 STATEMENT OF THE PROBLEM

South Africans urgently need to be educated to understand the world of business, but the fundamental problem that exists in South Africa, is that no clear definition of what business acumen entails (see 1.9.1) is established yet. There also is no clear indication of what the content of this field entails, and, for these reasons, present research endeavours to primarily address the following problems:

- * what does the expression business acumen entail? and
- * can an introductory learning programme be designed to address the lack of business acumen characterising South African citizens and school leavers?

These principal questions involve many different concepts and the following are posed as research questions:

- * what are the components that make up the concept business acumen?
- * will knowledge of business acumen enhance the economic understanding of individual pupils?

- * is the acquisition of business acumen a prerequisite for running a business?
- * what essential concepts should be addressed by any educational programme geared towards promoting business acumen?
- * what school level would be considered most suitable for the introduction of business acumen?

1.5 AIMS AND OBJECTIVES OF THE RESEARCH

It is the explicit purpose of this research to establish whether a programme designed for grade eight learners indeed could improve the economic knowledge of individual grade eight learners and simultaneously contribute and extend the existing body of knowledge on business acumen.

Specific objectives this study endeavours to realise are to:

- * determine what the concept business acumen entails;
- * determine what knowledge is essential for successful functioning in the business world;
- * design an introductory teaching programme to lay the foundation on which business acumen can develop; and

- * ultimately, through envisaged programme, promote adequate economic insight as a lifeskill.

The main objective of this research is, therefore, to design a programme to promote acquisition of business acumen and to assess whether implementation of the programme successfully induces integrated commercial knowledge as a lifeskill.

1.6 HYPOTHESES

This research will subsequently test the following hypotheses:

- * students that have been exposed to a study programme which promotes business acumen will possess more insight in commercial affairs than those who were not exposed to such a programme; and
- * students that have been exposed to a study programme which promotes business acumen will not possess more insight in commercial affairs than those who were exposed to such a programme.

1.7 PRIOR RESEARCH

Prior research comprised three parts, indicated as follows:

- * a qualitative study to assess the merit of the subject business economics as a school subject;

- * practical experience gained during an observation period of actual teaching of accounting as a school subject;
- * structured interviews with teachers who teach commercial subjects in various schools in the Port Elizabeth Area in the Eastern Cape Province; and
- * an interview with an expert in the subject accounting and who has worldwide experience.

Prior research was conducted in the three subjects, presently combined in the South African school curriculum in the study field of Economic and Management Sciences. Bisschoff (1992:1) resolves that the subjects economics, business economics and accounting cooperate to provide basic economic understanding, thorough economic citizenship and shrewd consumerism. Economics forms the basis of business economics and both accounting and business economics are of specific professional significance to individuals. Accordingly, these subjects are classified as **commercial subjects**.

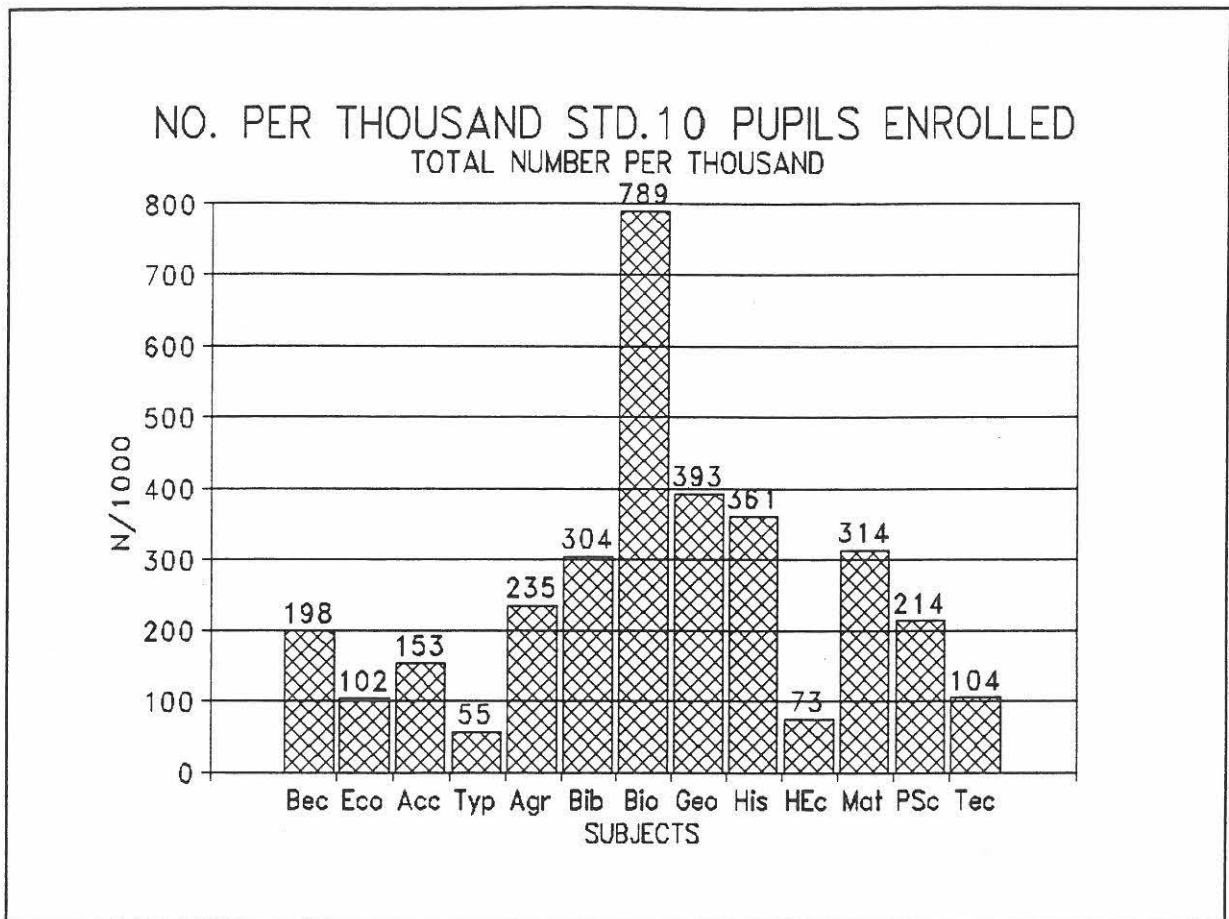
1.7.1 Assessment of the subject Business Economics

A Master's Degree in Education was conducted by researcher, to establish the educational and functional value of Business Economics as a Secondary school subject. It provided the following conclusions (Smith 1995:185-189):

- * subsistence in South Africa in future is dependent on economic literacy/commercial knowledge/business acumen;
- * only 13,7% of the total standard ten enrolment for the country as a whole, offer economic sciences (economics, business economics and accounting) as school subjects;
- * in standard ten the choice subjects offered counter to economic sciences are mainly academically orientated subjects; and
- * approximately half of the pupils taking business economics would prefer to establish themselves in the world of business when reaching adulthood.

Figure 1.2 on the next page, represents the number per thousand standard ten pupils in 1991, offering various subjects as indicated for matriculation.

FIGURE 1.2: Total enrolment per subject of standard ten pupils in South Africa for 1991



(H.S.R.C. 1991:51)

Figure 1.2 illustrates that the total enrolment of standard ten pupils in South Africa for the three commercial subjects, business economics, economics and accounting, comprises 13,84%, meaning, 453 000 enrolments out of the total enrolment of 3 295 000. This figure is even lower than the enrolment for the subject biology, which amounts to 21,60%.

The summary of the percentage of pupils taking the thirteen subjects depicted in Figure 1.2 is represented in Table 1.1.

TABLE 1.1: Summary of percentage of pupils taking various subjects in standard ten for 1991

PUPILS TAKING VARIOUS SUBJECTS IN STANDARD TEN FOR 1991

SUBJECT	PERCENTAGE
Business Economics	6,10
Economics	3,10
Accountancy	4,64
Typing	1,67
Agricultural subjects	7,13
Biblical studies	9,23
Biology	23,95
Geography	11,93
History	10,96
Home Economics	2,22
Mathematics	9,53
Physical science	6,49
Technical subjects	3,16

(H.S.R.C. 1993:47-53)

Table 1.1 indicates that 13,84% of standard ten pupils in the country take the subjects economics, business economics and accountancy. This only barely equals the percentage of pupils taking the subject geography, namely 11,93%.

After obtaining these results, the researcher considered it appropriate to gain **hands-on** experience in the subject accounting.

1.7.2 Experience gained through teaching of accounting

Researcher acquired a teaching post at a school which offered accounting as a compulsory subject. The appointment entailed teaching accounting to grade eight pupils who already had three months of accounting tuition.

Results after another six months of tuition revealed the following:

- * grade eight pupils found it extremely difficult to understand the subject accounting. This was revealed in the September test results. Only nine pupils out of fifty-five managed to obtain an average of more than one-third of the total amount of marks. This represents a pass rate of 16,31%;
- * it was extremely difficult to maintain pupil's interest as a period of forty-five minutes progressed, because the learners who failed, showed no interest in the subject and this in turn, presented disciplinary problems; and
- * learners questioned by researcher, revealed that they were not interested in the subject, would never be able to grasp

the intricacies contained in the subject content and only attended classes because they were forced to.

These results portrayed the discouraging picture that learners are being confronted with subject content which provides no benefit to individuals.

Next, researcher completed an enquiry on the subject economics in schools.

1.7.3 Enquiry into teaching of economics

Researcher visited six schools in the Port Elizabeth area to enquire about the teaching of economics at their schools. This enquiry revealed that the teaching of economics did not commence at grade eight, but was only taught from grade ten and onwards.

To gain a clearer picture, researcher arranged for an informal meeting with the Heads of Department of six schools in the Port Elizabeth area, including the Commercial High School. In order to compare, three schools were visited in the Welkom area.

These encounters revealed the following:

- * economics is only proffered in the grade ten to twelve school curriculum as choice subject; and

- * this could be attributed to the fact that the basic economic concepts were too difficult for grade eight learners to grasp and fully comprehend.

After acquiring this information concerning the subjects business economics, accounting and economics, researcher considered it appropriate to introduce a subject integrated approach to provide the basic understanding of economic occurrences to learners prior to grade ten.

1.8 RATIONALE FOR INTEGRATED APPROACH OF PRESENT RESEARCH

Subjects taken at school, each comprises its own structure, terminology and technique, giving it a unique character expressed in its specific outcomes. When commercial subjects were introduced into schools, the primary objective was that of vocational training. In modern times, commercial subjects are classified as business subjects or economic and management sciences, presently included in the new curriculum 2005 in South Africa (Becker 1989:23). Economic and management sciences comprise the school subjects Business Economics, Economics and Accounting.

The science of economics only deals with one major facet of social life. Theoretically economists admit that theory of economics is considered to be adequate to solve only specific practical problems under carefully specified conditions. The subject economics, thus, is dependent on the other social

sciences, both on theoretical and practical levels (Parsons and Smelser 1984:1-2).

The subject business economics studies institutions in an economic system that are primarily geared to satisfy economic needs of a community. In South Africa the main object of the study of business economics is the business enterprise, whether it is a private organization, a government organization or a non-profit-seeking organization. The main link between economics and business economics is that economics studies the system in totality, while the latter elaborates on a single component of that system. For example, economics examines the **problem** of inflation, while business economics studies the **effects** of inflation on individual businesses (Cronje, et al 1987:15), the two subjects thus support one another.

The field of business economics incorporates the areas business and economics. Business, **being the activity** of producing goods and services to satisfy human needs through enterprise in the free market system. Economics, on the other hand, is considered to be the **science** which investigates production, distribution and consumption of goods (Bisschoff 1992:10).

The primary aim of any business is to make a profit. Accurate and comprehensive financial information cannot be provided by general spoken or written language and accounting was developed to address this specific need. Accounting involves standard methods of keeping orderly and systematic records of all

occurrences affecting a business concern (Bisschoff 1992:11).

Singh (1992:237) mentions that, regarding the economy being the heart of a nation, accounting as an economic science manifests that human survival inherently comprises the satisfaction of human wants with limited resources. The concept of exchange is central to accounting which plays a major role in society to facilitate a better understanding of how money is managed by various parties.

The three major commercial subjects complement and support one another, successful business entrepreneurs cannot disregard any one the three, therefore an integrated approach is implemented in the development of the programme. The title of intended programme therefore is Business Acumen and not Economic Literacy.

1.9 DEFINITION OF TERMS

The concepts business acumen and economic literacy need to be clarified in order to establish in what context said concepts are used in the present study.

In South Africa teaching based on carefully constructed outcomes is gaining ground, which warrants investigation into the concept Outcomes Based Education as well although it does not represent the locus of the study.

1.9.1 Business Acumen

The term incorporates two parts; business and acumen.

The concise Oxford Dictionary defines the concept business as: buying, selling and bargaining.

Alexander (1990:xi) describes business at its origin as a blend of reality and value. Business means to an economy what justice means to law. The primary underpinning of business is price, which acts as a scale to measure the value of things.

The concept business describes organized endeavours to manufacture and sell goods and services in order to fulfil the needs of society, a profit being the remuneration thereof (Pride et al 1993:8).

Business, then, can be described as attempts at manufacturing and selling to which a price is attached.

The concise Oxford Dictionary defines acumen as: keen insight or discernment, penetration.

The Reader's Digest English-Afrikaans Dictionary claims the word acumen to mean: ingenuity, craft, expertise, know-how, discernment, genius and inventiveness.

The Reader's Digest Oxford Complete Wordfinder also defines acumen as: keen insight or discernment, penetration, but also refers the reader to the word **discrimination**, which means: the power of observing differences or a distinction made with the mind or in action.

The word **acumen** was deliberately chosen as topic of present study which concentrates on expertise and know-how because it aims to bring about economic competency and economic skills in individuals, which can be defined as business acumen.

1.9.2 Economic Literacy

The Concise Oxford Dictionary outlines economics to mean: practical science of the production and distribution of wealth, also conditions pertaining to material prosperity of a country.

Ozynski et al (1993:1) describes economics as a word that the Greeks used in ancient times to portray how a household was managed. Subsequently, the word included the inclination of how a business was managed and in later years it also included the management of a country. Primarily, economics illustrates how people live, what they need for survival and how this problem is solved.

Economics considers man's activities while being engaged in the production, consumption, exchange and distribution of some form of wealth which could satisfy his needs (Brits and Reese 1978:5).

According to the Concise Oxford Dictionary **literacy** is the ability to read and write.

Hannon (1995:1-2) explains literacy as the *ability to use written language to derive and convey meaning*. Literacy signifies much more than the decoding of sounds, forming of letters in reading and writing and spelling correctly. Essentially it is a matter of understanding meanings or communicating substantially, rather than the use of specific perceptual and motor skills.

UNESCO resolved in 1962 that a literate person is considered to be literate when he has obtained the essential knowledge and skills to enable him to occupy himself in the effectual functioning of his community. Achievements in reading, writing and arithmetic would then make it possible for him to use such skills toward his own development and that of his community (Vincent 1989:11).

Literacy could take on different forms, each having a unique connotation. School literacy may differ from and even be in conflict with home literacy, workplace literacy, community literacy and economic literacy (Hannon 1995:14). It is considered to be the inner speech of any community. The existing perception of the world is judged in written language against a verbal objectification of other forms of existence. What is not already present is constructed in reading and writing as a means of generating such possibilities (Tuman 1987:172).

Wedephol (1988:15) explains that literacy is not just instructing learners the rudiments of the mechanical skill of interpreting the marks found on paper, it encourages a better understanding of their own situation in life and what can be done to change it. In short, when people gain literacy, they also gain in confidence which provides a sense of belonging and helps man to become more active members of the community (Wedephol 1988:15).

On the other hand the definition of literacy taken from the Persepolis Declaration in Bataille, (Ballantine and Acutt 1995:53) explains that literacy is not only the process of learning to read and write and calculate, but it is a benefaction to liberate people to realise their fullest potential. In such cases, literacy equips the individual with critical consciousness of his/her society to promote participation in the creation of projects to transform the world and to define the aims of human development.

The form of literacy addressed in this study is economic literacy, which at root level, aims to equip individuals with means to successfully function economically in a community.

In passing, reference to the recent introduction of Curriculum 2005 with Outcomes-based education as basis is necessary, although it presents no theoretic underpinning of present study.

1.9.3 Outcomes-based education

Two scientists, Ralph Tyler and Benjamin Bloom, initiated a movement based on findings suggesting that learning was a step-by-step process which can be described in terms of learner competencies, formulated as expression of the roles expected from well-adjusted adults in the world outside school and are referred to as transformational outcomes (Malan 1997:13 and 16).

Designated outcomes, which have actual needs of the reconstructed society in South Africa as underpinning, are applied when individuals are equipped to function in their communities (National Department of Education 1997:26).

Outcomes are founded on empowering skills such as team work, processing of information and solving of problems instead of rote learning. Activities which have been identified as relevant in assisting development are carefully designed by teachers to enhance application of understanding, knowledge, attitudes and skills. Mastery of activities, is classified as outcomes and the progress of the child in relation to the outcomes is recorded throughout the year (Reis and Johnsstone 1997:2).

All activities in the classroom will be planned around expected outcomes, where a variety of methods of instruction will be used. This presents a switch from content-based programmes of teaching where the main aim was to cover the curriculum over a predetermined period of time. Every learner will now be assisted

to accomplish an activity at his/her own pace (National Department of Education 1997:26).

There are also particular principles relating to Outcomes-based Education, which are:

- * integration of education and training;
- * time will not control the process of learning, meaning that not all learners will succeed simultaneously, but develop at their own pace;
- * exams will not take place any more, but learners will have to show what skills they have mastered;
- * different aspects of learner's abilities will be assessed, assessment being an integral part of the system of Outcomes-based Education; and
- * learners will be encouraged to take responsibility for their learning, which assists in motivation (National Department of Education 1997:12).

It can be concluded that Outcomes-based education poses an opportunity to change the current, fragmented process of education to being more relevant to the world in which learners will find themselves in the technological-orientated future (Malan 1997:22), which also is the main purpose of this research.

1.10 RESEARCH METHODOLOGY

This study focuses primarily on the qualitative method of research, because qualitative research is an attempt to understand, not only the manner of cultural arrangements, but also the ways in which those arrangements are practised individually (Sherman and Webb 1988:2). Qualitative research also studies motives and aims, not only behaviour. *For qualitative researchers, life is not a dress rehearsal, it is the real thing* (Sherman and Webb 1988:4), therefore Glaser and Strauss (Patton 1990:85) declare that *the conscriptive, naturalistic inquiry strategy of qualitative research is one of the strengths of qualitative methods, when a setting is approached without intentional hypotheses.*

Present study is also descriptive in nature, although accurate description is an essential part of all methods of research, it does not qualify as a method in itself (Anderson 1990:120).

To realize the main aim of this study, that is, to design a programme to promote business acumen, the method of research to be implemented includes qualitative elements which are supplemented by a quantitative component, supported by a thorough study of relevant literature.

1.10.1 Literature Study

Literature reviews, carefully conducted and well-presented, could

aid the understanding of the problem researched. It could also assist in establishing the results of a study in a historical perspective. Without relevant reviews of literature, difficulties could be experienced when constructing a volume of approved knowledge on any educational topic. A review of literature also provides the benefit of further insights to be gained from the purpose and results of a study (McMillan and Schumacher 1993:112-113).

Present study is based on a literature study which includes secondary and primary sources, because knowledge in any given area consists of the accumulated outcomes of numerous studies conducted by generations of researchers as well as the theories designed to integrate this knowledge. Literature is reviewed for the purpose of finding a link between one's own study and the accumulated knowledge in one's field of interest (Ary, et al (1990:67)).

Researcher reviews related literature which should assist to limit questions and clarify and define concepts pertaining to the study. The literature study also indicates which methodologies proved useful in certain studies and which seem less promising, enabling the development of increasing refinement in knowledge about educational research. Unintentional replication of previous studies is avoided and the study of related literature places the researcher in a better capacity to interpret the significance of personal results (Ary, et al (1990:68)).

Various facets of business acumen as represented in the subjects business economics, accounting and economics in junior secondary school context and the functionality thereof in the business world, is investigated through the above mentioned study of relevant literature.

1.10.1.1 Databases Consulted

Information was requested from the library by the researcher on the subjects, Economic Literacy and Literacy in Social context on 9 April 1996. The databases consulted were: ERUDITE (VISTA), LCDB, UKDB, ISAP, SACD, SANB, UCTD AND KOVS. This search revealed that very limited attempts have been made to address the question of economic literacy in South Africa which resulted in limited literature consulted for the compilation of this research project. Attempts at addressing Economic Literacy could only be found in newspaper articles and papers read at meetings and conferences. Relevant articles were difficult to obtain, or unobtainable. Available literature only revolved around conditions experienced in the United Kingdom, the United States of America and Japan.

The most rewarding source provided through this request, was the Report of the Committee for Economic Affairs on the promotion of Economic Literacy of the President's Council of the Republic of South Africa (1993). This source was extensively used by the researcher as guideline for the compilation of the programme of teaching.

The second information request from the library was on 24 February 1997, with the explicit purpose of finding an updatment of the Report on the promotion of Economic Literacy, as stated above.

Databases consulted were: ERUDITE, LCDB (Books), ISAP (Articles), ERIC (DC-ROM), SACD (Books), BOOK DATA, KOVSIDEX (Articles) and S.A. STUDIES (CD-ROM).

This search revealed nothing new or updated since the previous database search was done.

A third search in Australia in March 1998, consulting the ERIC database on the subjects, school economic literacy, secondary school literacy, outcomes based educational economic literacy in secondary schools, revealed four records mainly concentrating on the development of parent involvement concerning literacy. It however, disclosed an important document on the Nature of economic literacy in the United States of America.

It can be concluded that data on business acumen is almost non-existent in literature, and data therefore had initially to be collected through the qualitative method of research, followed by a quantitative approach pertaining to the design of the programme and analysis of results.

1.10.2 Qualitative Research

The qualitative research approach can be implemented where data analysis focuses on only one phenomenon, which the researcher selects to understand in depth, notwithstanding the number of participants selected for this study (McMillan and Schumacher 1993:376). The phenomenon the researcher elects to understand and question in depth is the concept **business acumen**.

Qualitative researchers concentrate on natural settings, they are interested to discover new insights. Nothing is taken for granted, and they want those who are studied, to speak for themselves (Sherman and Webb 1988:5). Insight into aspects of business is the locus of attention in present research.

Enquiry should give rise to new questions and expand the individual's frame of reference, it should also enable the examination of evidence in a new and productive manner (Sherman and Webb 1988:45). This study is primarily concerned about investigation into a field which, in South Africa, has not been given the attention it merits.

The qualitative research approach employed for present study, concerns itself with the understanding of the social phenomenon, business acumen, from the perspective of the participant. An analysis of the qualitative data should indicate what, according to respondents, qualifies as characteristics of business acumen and what attributes should be included in a learning programme

to introduce business acumen. This represents the initial stage of research, namely, complemented by literature study ascertaining the interpretation of business acumen and along these lines, compile the questionnaires intended as pre- and posttest, as well as the content of the intended learning programme to introduce business acumen.

After compilation of proposed programme according to a predetermined principle of curriculum design, the programme was tested in two different domains, namely on adults and on full-time secondary school pupils. Such testing involves making use of a pre-test as well as a posttest and this testing ensues a quantitative method of research.

1.10.3 Quantitative research

In order to realise the establishment of relationships, to offer an explanation of the causes of changes in measured social facts and to establish context-free generalizations, researcher also employs the quantitative method of research (McMillan and Schumacher 1993:14).

Research could simultaneously be qualitative as well as quantitative (Anderson 1990:120). Qualitative methods enable the researcher to study selected matters in depth and in detail, while quantitative methods compel standardized measures to be used in order that the perspectives and experiences of people could be placed into categories which are predetermined and to

which numbers are allocated (Patton 1990:13-14).

This study makes use of a pretest-posttest design, involving two groups. The procedure is divided into three stages, which are:

- * a pre-test is administered to measure the dependent variable, which is business acumen;
- * the programme is implemented; and
- * a posttest is administered to measure the dependent variable again (Borg and Gall 1989:670).

The results of the test, which are machine-readable are analyzed by the BMDP Statistical Dynamic Software.

The purpose of this testing is to decide whether a new approach has any effect on accessible commercial knowledge, not to describe what happens when knowledge is presented. To judge whether said approach produces an effect, which is improved business acumen, a situation should be created to indicate that:

- * the approach precedes the effect;
- * the effect results after the treatment is introduced; and
- * nothing but the new approach is answerable for the effect (Mitchell and Jolley 1992:169).

This research endeavours to create a situation where the introduction of the learning programme should produce the anticipated result of business acumen and that nothing but the new approach should be answerable for the effect. This expected result should be indicated through analysis of procured data.

1.10.5 Population and Sample

The population consists of:

- * a group of students having had no prior education in economic and management sciences and are enrolled at the President Steyn No. 2 Shaft Nightschool, who served as pilot run testing and afterwards referred to as group one; and
- * a group of grade eight learners who did not have any prior exposure to economic and management sciences and are studying at Nanabolela Secondary School in the Welkom, Goldfields area of the Free State, who served as target group and afterwards referred to as group two.

The sample for group one comprises all students who enrolled for the course in business economics and the statistical sampling technique is called non-probability sampling (see 5.4).

The sample for group two comprises volunteers who declared themselves willing to participate in this project and the

statistical technique is called **sample of convenience** (see 5.4).

1.10.6 Instrumentation

The qualitative data collection instruments are questionnaires concentrating upon different aspects of business acumen. Quantitative data revolve around collecting pre-knowledge of business acumen of respondents as well as ascertaining the level of business acumen after the implementation of the programme.

1.10.7 Data collection

Present research responds to the need for acquisition of business acumen and the procedure was conducted as follows:

- * heads of Commercial Institutions, members of the South African Chamber of Business in the Free State and prominent business people in the Goldfields Region of the Free State, were approached to establish what knowledge an individual who possesses business acumen should have;
- * a literature study was conducted to serve as basis to the study on business acumen;
- * various interviews were conducted, each with a different aim in mind, before the initial or concept programme could be drafted;

- * an initial programme was designed including the most important concepts contained in the term business acumen;
- * permission to implement the concept programme as pilot run was verbally obtained from the Principal of the Night School and the teacher involved;
- * the level of business acumen of the students in group one was established through administering a questionnaire;
- * the programme introducing business acumen was implemented, which comprised a period of four weeks, five periods of forty-five minutes per week;
- * after the students had been exposed to the concept programme, the level of business acumen in group one was established through the same questionnaire and the results were analyzed;
- * the feedback of the field worker was taken into account to adjust the programme;
- * the concept programme was consequently adapted accordingly;
- * permission to conduct the final implementation of the programme was obtained from the Principal of Nanabolela Secondary School and the teachers involved;

- * the level of business acumen of the learners in group two, being the target group, was established before implementation of the final programme;
- * the programme introducing business acumen was implemented, for a period of twenty weeks, during two periods of one hour per week (see appendix 5.4);
- * after learners had been exposed to the programme, the level of business acumen was verified through the completion of the same questionnaire and the results were analyzed; and
- * results were compared and conclusions formulated.

1.11 DEMARCATION OF THE STUDY

This study is undertaken in the field of Educational Didactics represented by the subjects business economics, accounting and economics in the learning area of economic and management sciences in junior school context.

In order to induce generalisability of the effect of the study, and make it comparable with groups under the same circumstances, the concept teaching programme was initially tested in an adult schooling context and finally with formal, full-time secondary school pupils.

1.12 PROGRAMME OF STUDY

- 1.12.1 Chapter one serves as an introduction to the study and contains the introduction and orientation, the statement of the problem as well as the statement of the aims of this study.
- 1.12.2 Chapter two constitutes a rationale for developing an introductory teaching programme on business acumen. The chapter comprises literature study on the concept business acumen, the importance of its promotion in South Africa and benefits derived from it. A parallel is also drawn to establish the relationship between business acumen, economic literacy and politics.
- 1.12.3 Chapter three contains collection of qualitative data by means of a questionnaire. Analysis of data collected to establish the basis for the compilation of the programme to introduce business acumen, is also contained in chapter three.
- 1.12.4 Chapter four mainly consists of the design of the programme to promote business acumen based on above research as well as the processes and procedures involved in ensuing design.
- 1.12.5 Chapter five contains the collection of quantitative data through questionnaires as well as computerized

analysis of data, reflecting the accomplishment of the learning programme.

1.12.6 Chapter six involves a general conclusion and recommendations.

1.13 CONCLUSION

Chapter one indicates that economical activities are considered to be part of the life-style of individuals and that the twenty-first century is anticipated to become an inspiring period for business activities and enterprises. It is also disclosed that very limited attempts have been made by various organizations to address economic literacy in the past.

The results of prior research are displayed, research methodology is outlined and a rationale for the use of an integrated business approach was proffered.

Chapter two includes various details already dealt with (see 1.9) and explores the close connection between Democracy and Literacy.

Economic growth in South Africa, determined as development of a nation through appropriate civilian education is highlighted.

Entrepreneurs regarded as a necessity for Economic growth of a country and the reason for the preference of the term Business instead of Economics as subject of this research is justified.

CHAPTER TWO

RATIONALE FOR DEVELOPING AN INTRODUCTORY LEARNING PROGRAMME ON BUSINESS ACUMEN

2.1 INTRODUCTION

In chapter one it was established that a need exists in South Africa for the acquisition of business related knowledge and skills, termed business acumen.

Chapter two focuses on a study of literature related to business acumen in order to:

- * determine what the concept business acumen entails;
- * determine existing perceptions on content to be included in a business acumen learning programme; and
- * to create a basis for the design of an introductory programme on business acumen.

2.2 ACQUISITION OF BUSINESS ACUMEN AS HUMAN CAPITAL DEVELOPMENT

The programme to introduce business acumen has education as focus and education serves as an investment in human resources. Formally organized education is one of the most important activities aimed at human capital development. Educationally acquired knowledge becomes an integral part of a person's

lifeworld, it cannot be bought or sold (Schultz 1993:104). By investing in themselves through education, people could expand their prospects in life and especially their economic opportunities (Schultz 1993:227).

In a commercial sense, knowledge acquired through education should mainly be seen as an input into the production of goods. The dividends acquired through investment in education should be observed as an output, the production of knowledge (Silverberg and Soete 1994:9-10).

Education in South Africa needs to be regarded as the cardinal component of human resource management because this issue is central to the challenge of creating economic prosperity (Lessem 1996:74). It is for this reason that the Reconstruction and Development Programme (RDP) in South Africa prioritised human resource development and economic growth as its principle aims (Dawjee 1994:10).

Ballantine and Acutt (1995:53) identify the major driving force of the Reconstruction and Development (RDP) Programme as human investment, development and training. It is further accentuated that economic literacy is of primary importance if the goals of the RDP, are to be realised. Present research is based on the development of learners as resources through relevant education to acquire economic growth.

Economic literacy is a modern expression, which for the purposes of this study is synonymous with business acumen. The study of business acumen endeavours to provide the answer to the question why many people successfully run their own businesses, when they can calculate the change on a ten rand note, but are not able to calculate the difference between what they paid for goods and what they are selling it for (Ballantine and Acutt 1995:52). It is essential for any developing country such as South Africa, that economic and entrepreneurial lifeskills be acquired by as many of its citizens as possible, because business people who are uneducated only focus on basic physiological needs (Vosloo 1994:380-381). The procurement of said skills can only be realized through the acquirement of business related knowledge and skills.

A critical assessment of existing training efforts in South Africa reveals that currently, no large scale training programmes for business related knowledge and skills exist in the township business sector where unemployment is rife (Vosloo 1994:380-381).

For a market-driven economy, it is imperative that business related knowledge and skills should receive priority in South Africa both at school and at post-school level. Therefore an introductory programme which focuses on essential, basic business and economical knowledge and skills for the acquisition of business acumen needs to be designed. Firstly related concepts should be examined to ascertain the essential knowledge to be transmitted through an introductory learning programme.

2.3 CONCEPTS INTEGRAL TO BUSINESS KNOWLEDGE AND SKILLS

The term business acumen is not commonly used in literature to describe the ability to perform business transactions. Raymond Ackerman, Chief Executive and Director of Pick and Pay, praises Sol Kerzner for his amazing courage and business acumen (Crwys-Williams 1993:32).

Two concepts are contained in the term business acumen (see 1.9.1), they are validated below.

2.3.1 Business

Business can be defined as a social process that uses the means of production of a country to create products and services for the satisfaction of the needs of its community (Cronje et al 1987:3). They further claim that the high standard of living in developed countries is the direct result of organized business activities. Alexander (1990:x) supports this claim and adds that any kind of business enterprise without a substantial foundation will lack permanence, continuity and individuality.

Pride et al (1993:29) state that businesses are primarily engaged in the following interchange processes:

- * money is exchanged for resources which in turn are utilised to produce goods and services;

- * these products are exchanged for sales revenue;
- * sales revenue is exchanged for additional resources;
- * these resources are then used for the production of goods;
and
- * goods and services are sold afresh.

These actions present a **continuous circular flow**, businesses pay wages, rent and interest, which results in generating income for the household for consumption and investment. Consequently, consumer spending is turned into sales revenue, which is used as remuneration for wages, rent and interest and constitutes a circular movement of money (Pride et al 1993:29).

Knowledge and comprehension of the **circular flow** of money, products and related concepts, can be classified as **business acumen**. The concept acumen (see 1.9.1) suggesting expertise and know-how, aims to convey economic competency and skilfulness in individuals.

2.3.2 Business Acumen

A study of what business procedures involve, will provide business acumen (Kreitner et al 1990:5). The ability to be able to differentiate between the various forms of business, important business activities and business people, should place the

individual in a better position to contemplate wisely about economic issues (Kreitner et al 1990:5), moreover, knowledge of the structure and function of the economic society is essential for active involvement in business. Taking on social economic responsibility with no insight into business, is impossible (Becker 1989:9).

Adults are expected to have an understanding of business related knowledge and skills, but in the real world this is not the case (see 1.3). This knowledge can be acquired through education and through the study of commercial subjects. Becker (1989:9) states that individuals can through education, acquire sufficient information or business acumen, to allow themselves to participate successfully in commercial activities.

Learners, while still at school, are occupied in mercantile decision-making as consumers or part-time workers, but these experiences do not adequately prepare them for life. School leavers who enter the world of work, are expected to have adequate knowledge about commercial affairs because they are supposed to take up a position in life and fend for themselves. Commercial lifeskills, knowledge of commerce and specifically business acumen, could be to their advantage. School leavers will be better equipped for life if they have commercial knowledge (Bisschoff 1992:2).

The importance of acquiring business acumen in the modern world can never be over emphasised. The study of business related

knowledge and skills, facilitates the development of business acumen. There are several reasons why an introductory programme for grade eight learners needs to motivate pupils to opt for commercial subjects and develop business acumen.

2.3.3 Study of Business procedures in order to validate characteristics of business acumen

Three reasons why business subjects should be included in lifeskills education are prescribed by Pride, et al (1993:11):

- * buying anything, means entering into a business transaction. An informed consumer will be able to make more intelligent buying decisions and be capable of spending money more wisely;
- * most consumers and investors also are workers. Knowledge of business procedures enables people to be informed employees. Currently more rewarding careers are sought after, not only for personal satisfaction, but also to provide the opportunity of self-sufficiency. After selection of a personal career, skills required of such a career have to be acquired because employers need skilled workers. Employers do not only expect the technical skills needed to perform a specific task, but they also expect good insight into what the position entails. In competition with other people applying for employment, these skills plus business acumen, may provide a head start; and

- * some people opt to work for themselves and knowledge of business or entrepreneurial skills will enable them to start their own businesses (Pride et al 1993:11-12).

Above mentioned arguments in favour of studying business activities and skills, illustrate that business and consequently, business acumen, contributes towards the satisfaction of both basic needs and the satisfaction of patriotic needs. These broad outlines can be restricted into **outcomes** for the purpose of the study of business activities and related skills to imply specific subject content.

2.3.4 Suggested goals of business proficiency studies

Paxton (1992:10) states eight outcomes or goals which have to be considered when the content of study of business procedures is to be defined. These goals are to establish or promote business acumen through:

- * insight into the efficient functioning of business enterprises;
- * knowledge and understanding of the systems and procedures of office administration and mechanisation;
- * knowledge of principles and prerequisites for efficient management;

- * interest in the business world in order to develop entrepreneurship;
- * applicable knowledge to bring about an increase in the width and breadth of economic perception as well as logical reasoning, thus enabling the individual to read business articles in newspapers and periodicals with insight;
- * working knowledge to manage their own affairs in an intelligent and responsible manner as producers, citizens and consumers; and
- * character development to comply with the requirements of conduct by the private and public sector (Paxton 1992:10).

A summary of the above eight objectives needed for a workable knowledge of business procedures and skills reveals the following study content which should form part of the body of knowledge for attaining business acumen:

- * functioning of business enterprises;
- * systems of office administration;
- * prerequisites for management;
- * interest in business to develop entrepreneurship;
- * logical relationship between principles of business;
- * budgeting, operation of a bank account, investment of savings; and
- * character traits needed for business endeavours.

A synopsis of the above indicates the framework of basic business knowledge and skills which individuals should be equipped with to cope with everyday economic aspects, termed **business acumen** in present study.

Knowledge about economics currently forms part of the learning area of economic and management sciences in the new educational dispensation, Curriculum 2005. Economics and management, the modern term for business economics and accounting resort under mentioned learning area. This also serves as support for treating the concepts economic literacy and business acumen as synonyms.

2.3.5 Economic Literacy

The term economic literacy also implies two components, economics and literacy. The one concept emanated as outcome of the other.

Oxenham in Vincent (1989:11) claims that the historical-social constraints that brought about literacy in the Western world, really originated from the entrepreneurial spirit, the centre of commerce.

Currently a prevailing anxiety about literacy exists. In those countries where a large percentage of the population is illiterate, literacy is regarded as integral to the achievement of political, economical and health goals (Hannon 1995:1).

According to Banaszak (1987:3), economic literacy involves the knowledge and application of principles necessary to make logical decisions about the utilization of limited resources, which comprise basic ideas about economics that literate individuals should take cognizance of. It is essential that basic knowledge of the rudiments of economics be developed in every citizen, as a means of dealing with and solving issues of prevailing hunger, poverty and unemployment in South Africa. Economic literacy and thus business acumen, should facilitate the comprehension of political and economic realities of the day (Levin et al 1991:i).

Bisschoff (1992:1) suggests that the following knowledge is imperative if citizens are to benefit optimally from the economic system:

- * insight into and comprehension of the economic laws and principles basic to the South African economic system;
- * knowledge of the various patterns of business organisations, their relevant strengths and weaknesses;
- * understanding of the purpose of money;
- * the functions of commercial banks and the South African Reserve Bank;
- * the Johannesburg Stock Exchange;

- * the public sector;
- * the structure of government and supporting taxation system;
- * a firm understanding of the aspects of financial management which includes savings and investments;
- * the security provided through insurance; and
- * how and when credit can be employed (Bisschoff 1992:1).

For the sake of progress and development, citizens should ideally acquire knowledge of economic functioning. Knowledge about economics enables people to act upon and transform the world they live in. This, up to this day, remains a demand not met in the modern business world and serves as justification for intended programme to introduce business acumen. Reflection upon the elements of the economic endeavour is required to establish what content should be included in a learning programme on business acumen.

2.3.5.1 Foundations of the economic endeavour

Alfred Marshall, the British economist, identified economics as being a *body of knowledge and a way of thinking about certain phenomena*, as the *study of mankind in the ordinary business of life* (Banaszak 1987:3).

In elementary terms, the concept economics is the explanation of how people live or survive, what is needed to survive and how this problem of survival is solved (Ozynski 1993:1). A definition very similar to that of business acumen.

An interpretation that should be refrained from, is the conception that economics is concerned only with material goods. The principle inputs into any economy besides land, capital and entrepreneurship, are primarily labour services, not materials, and material inputs are generally the product of preceding inputs of labour. Outputs usually include services as well (Levin 1991:9) and should receive attention in intended learning programme.

Economic events are the outcomes of the behaviour of individuals and economic affairs in its entirety is prescribed by preferences and incentives of individuals to buying products offered for sale and the selling of their labour in order for the goods to be manufactured (Lea et al 1987:133).

A wide field of human activities is included in the economic endeavour and all kinds of business transactions that influence the conduct of humans in business is also investigated. Human beings are continually faced with the fact of limited time and limited means, and therefore, has to decide how to employ time and resources in order to obtain the maximum output. Man, therefore has to choose between alternatives, such as how much time to spend working and how much leisure time to enjoy and also

has to decide, when allocating limited means, how much to save for future use and how much to spend on current consumption (Brits and Reese 1978:5), which should form an integral part of business knowledge.

The purpose of economic endeavour is to satisfy human wants and any endeavour helping to satisfy wants, can be defined as production. Production, on the other hand, should be understood as comprising all activities in the production of goods and services for which people are prepared to pay (Stanlake 1993:25).

Humans strive primarily towards the achievement of the highest possible satisfaction of their needs through making use of available scarce resources. This is known as the economic principle by which any component of the economic system, also a business organization, is governed (Cronje et al 1987:15). The so called economic motive and essence of business related knowledge, thus originates from the struggle of the individual to satisfy many human needs (Du Plessis 1987:25).

An economic system does not operate mechanically. It is considered to rather resemble an organic system, because it has a circulation of activity of its own. It cannot readily be manipulated by government policy and depends finally, on the inputs of human beings - their preferences, expectations, needs, and motivations (Vosloo 1994:419).

One of the most important precepts of economic endeavour and business associated understanding is that people exchange products to the benefit of both parties. This exchange of goods forms the actual foundation of economics. Exchange provides the reason for basically everything happening in the economic lives of people. All transactions, such as dealing on the Stock Exchange and capital markets, happen merely because two or more people want to exchange wares (Schuitema 1990:2).

Another foundation of the economic endeavour is the issue of scarcity. Individuals have various needs that should be satisfied, yet the resources available to satisfy all needs are restricted, which creates the problem of scarcity. This business related problem can be solved by the fact that individuals, manufacturers and the government have to make choices between goods which are limited and to which a price is attached (Ozynski 1993:21). Indeed, Alfred Marshall (Banaszak 1987:3) discerningly defined *economics as a study of mankind in the ordinary business of life*, forming a link with the intentions of business acumen, also being a study of lifeskills. The authenticity of this statement is confirmed through investigation into the outcomes of the economic endeavour.

2.3.5.2 Outcomes of the Economic endeavour

A concise analysis of outcomes of economic endeavour by Paxton (1995:9), reveals that economics study should equip learners with the following:

- * insight into the South African national economy, indicating economic development, the strong points, shortcomings, characteristics and problems;
- * an understanding of the basic economic issues, considering the fact that various countries have their own unique economic conditions;
- * a sound understanding of economic practice by all consumers, producers and citizens;
- * a critical approach to economic situations;
- * knowledge of basic subject terminology; and
- * participation in discussion of economic practice and interpretation of statistical data (Paxton 1995:9).

When comparing the outcomes of the economic endeavour with the outcomes of study of business procedures (see 2.3.4), it is clear that knowledge of managing personal affairs intelligently and responsibly as producers, citizens and consumers is the focal point of both concepts. The study of business procedures will promote business acumen.

Business acumen will enable citizens to read about and listen more intelligently to economic issues, enabling them to participate wisely in both economic and political matters and as

a result will not be misled by opportunists (Banaszak 1987:3).

2.4 POLITICS AND ECONOMICS

Political structures are universally considered to have economic roots and as a result, a significant element of the economics of a country is also politically motivated (Lindblom 1977:9). The question is whether the two concepts differ. Conventionally, economics implies a specific kind of activity, performed by individuals, businesses or the government. Subsequently, these economic activities may concurrently be activities of a political nature if considered in a specific perspective (Lindblom 1977:9) and therefore may be considered part and parcel of business acumen as well.

It is well said that politics can be understood as an illustration of a general struggle for existence in the universe. Because of existence in a world of scarce resources, competition and struggle are the only means of distributing those resources (Vanhanen 1990:48). Competition also results from the fact that all people seem to claim equal rights to available resources. The foundation of politics can thus be found in the necessity to resolve conflicts over scarce resources (Vanhanen 1990:48), which should be studied to prove knowledge associated to business concepts.

It is generally accepted that the overall performance of the economy resorts with government. Economic appraisal comprises

the method used in order to achieve economic objectives. The choice of these objectives, which indicates how people want economic resources to be distributed, is purely a political matter (Stanlake 1993:436). The matter of choice also forms a cornerstone of business acumen.

Lindblom (1977:171) identified the following decisions as prominently political or governmental decisions, which should be decided upon by all societies and recognised as public policy decisions:

- * distribution of income;
- * what should be produced;
- * distribution of resources to different lines of production;
- * allocation of labour to various occupations and workplaces;
- * technology used for production;
- * the quality of products and services rendered; and
- * introduction of new products (Lindblom 1977:171).

Production, through the use of technology and labour, as well as distribution of produced articles, are associated with business acumen, linking public policy and economics with business acumen. The two most important principles of economics, the principle of exchange and the principle of economic choice, has an impetus on the creation of as much wealth as possible and the sharing of generated wealth. The two economic systems, communism and capitalism, have developed around these two principles. These systems are considered to be two very different economical

approaches, both in the creation of wealth as well as in the sharing of wealth (Schuitema 1990:4). Economic choice and the principle of exchange forms part of the body of knowledge of business acumen and economic literacy.

It is widely recognized that capitalism and democracy go hand in hand. It is maintained that capital interests in rivalry will bring about political freedom and democratic participation in government. Capitalism and democracy are often considered identical, because the material underpinning of democracy is the unrestricted operation of the market for capital and labour. The concept capitalism, thus regarded as the characteristic political form of democracy (Rueschemeyer 1992:1).

The relationship between democracy and business acumen needs further clarification to pave the way for the establishment of content of intended educational programme on business acumen.

2.4.1 Political and economic ideals as basic elements in the advancement of Democracy

Politically, the economy may be seen as a circular flow of accomplishments, ideas and constraints through three fundamental organizational groups: the market, public opinion and the government (Vosloo 1994:7-8). Ideas influencing public opinion about the accomplishments of the market follows avenues such as peer leadership and the media. Public opinion, which an integrated business acumen teaching approach can develop, has its

bearing on the government through the process of democracy (Vosloo 1994:7-8).

The sum of formal and informal social institutions and associations that are not totally production-orientated are regarded as civil society. The growth of civil society is promoted by capitalist development. This growth is accomplished through increasing the level of urbanization, by gathering workers in factories, the improvement of communication and transport and through the upliftment of the level of literacy which is the aspiration of present study. Thus, capitalism basically encourages democracy because it changes the power of the economic system in favour of subordinate interests (Rueschemeyer 1992:6 and 302) and knowledge of business acumen could play an important role to bring about mentioned change.

In business, the private enterprise is an institution that introduces forms of authority that facilitate liberty. Private enterprise was initiated to achieve and protect liberties, such as; private property, free enterprise, free contact and the free choice of occupation (Lindblom 1977:162-164), which is promoted through a study of business acumen with private enterprise and its development as component of intended learning programme.

When a person buys an article in a free market, a vote is casted as citizen of a national economy. This person is making a choice through influence on prices which forms part of a decision-making process as to how the economy should be directed. Most economic

decisions are placed in the hands of all citizens as consumers and their decisions are recorded through the mechanism of price which makes market freedom possible (President's Council 1993:9).

Nationhood and national values are integral facets of nation-building (President's Council 1993:15). The building of any nation can take place only if its citizens have certain communal values in relation to economic and political actualities. Economic literacy and consequently, business acumen, is considered to be one of the first steps towards the creation of subsequent communal values (President's Council 1993:15).

Business acumen, then, facilitates forming of public opinion about accomplishments of the economic market. Such opinions improve development of the civil society, mainly through the economic system of capitalism, reflected in private enterprise.

2.4.2 Relationship between Business Acumen and Political and Economical Ideals

Education has been identified through research by the world bank as the most important positive assessment of a government who desires development and growth. Through education people start demanding their rights, the level of their skills increase and growing numbers of people can be employed in skilled positions in industry (Vosloo 1994:44), which only can be instilled by teaching business acumen which constitutes economic literacy, to the greater part of the literate population.

Political and economic literacy of citizens should receive priority in a democratic country and educational enterprises should receive full support. Literacy has always been associated with extreme political aspirations, having to do with demands for democratic rights and power. Written language, encouraged through intended teaching programme, is such a powerful instrument and the problem of who should use it, what it should be used for, always had its roots in politics. Literacy is integral to political freedom and access to political ideas (Hannon 1995:9-10).

The competence of citizens to participate or influence political or economic processes in society depends on their understanding or lack of understanding of those processes for democracy to fail or prosper. This type of understanding should be considered to be part of an educational programme (President's Council 1993:5).

Literacy is recognized as the determinant which generates political independence. Ensuing independence manifests in private enterprise promoting liberty, the cornerstone of democracy, thus economic literacy and business acumen which is encouraged by this study, could facilitate democratic values, which in turn could contribute towards economic development and growth. Education in the field of economic and management sciences introduced to learners at an early stage, should contribute towards political independence, liberty and economic growth.

2.5 ECONOMIC KNOWLEDGE INDUCING GROWTH AND HUMAN DEVELOPMENT

No magic panacea exists for economic backwardness. Low levels of living are usually associated with low income and low productivity. The standard of living of a society is primarily embodied in consumption per capita, this, in turn is dependent on production and income per capita. To obtain a better life, better and more efficient use should be made of available factors of production, which is: natural resources, capital, labour and the knowledge of entrepreneurs (Vosloo 1994:418-419), which is made possible through study of business acumen.

In order to increase economic output, business acumen education should utilise human capital to create the skills and knowledge that could be employed by the economy (Fuller and Robinson 1992:105).

The ultimate goal of economic activity is the creation of wealth and prosperity as well as improvement of the quality of life of the community. Economic endeavours are thus defined as the sum total of behavioural patterns and institutions that initiate economic activity in society (President's Council 1993:31) which should be part and parcel of a programme on business acumen.

Economic growth as well as economic development through business related knowledge and skills is necessary for the generation of wealth. The degree and manner in which people participate in the economic processes of a country, determines the distribution of

newly created wealth. The correlation between economic growth and increased employment is represented by a direct relationship between an increase in capital inputs and productivity (President's Council 1993:47).

Growth as the determinant of higher standards of living, should be an important intent of any economic policy. Economic growth through a business acumen programme, can enable millions of people to break away from pathetic living conditions and a low expectancy of life, to experience economic fulfilment (Stanlake 1993:472).

Primarily, economic fulfilment means that an individual should obtain maximum compensation from accomplishments and not only consider subsequent monetary payment. An inexperienced person develops into an adult economic being when the richest fulfilment is obtained on a daily basis due to contribution to society (Schuitema 1990:109), made possible through business knowledge and related skills.

Economic education, which this study strives to promote, should also enable young educated individuals to be proficient enough to convey skills, values and attitudes into the world of adults in order to create objects of greater economic and social value for themselves, their families, their work environment and their society. More people exposed to education means more productive workers, resulting in a more productive economy and thus, economic fulfilment (Fuller and Robinson 1992:132).

The degree to which people will participate in economic processes to bring about economic growth, could only depend on their knowledge of economic procedures and the acquisition of business acumen.

Economic growth merely acts as motivation for provision of the basic products which individuals strive after, such as: education, a good health service, appropriate housing, protection of citizens as well as a consistent and fair political system. A necessary component of the formula to achieve success and economic growth, is based on the spirit of enterprise and on the creative energies of entrepreneurs (Vosloo 1994:5) enhanced through business knowledge and related skills.

The spirit of enterprise that brings about economic growth and profuse fulfilment with the purpose of building any nation, being central to this research, can only be kindled through business related education.

Throughout the world, according to Sunter in Lessem (1996:89-99) certain requirements should be complied with to bring about a developed, **winning nation and should be the aspiration of an educational programme.** These requirements are:

- * education and training central to the human resources function;
- * work ethic;
- * a high rate of savings; and

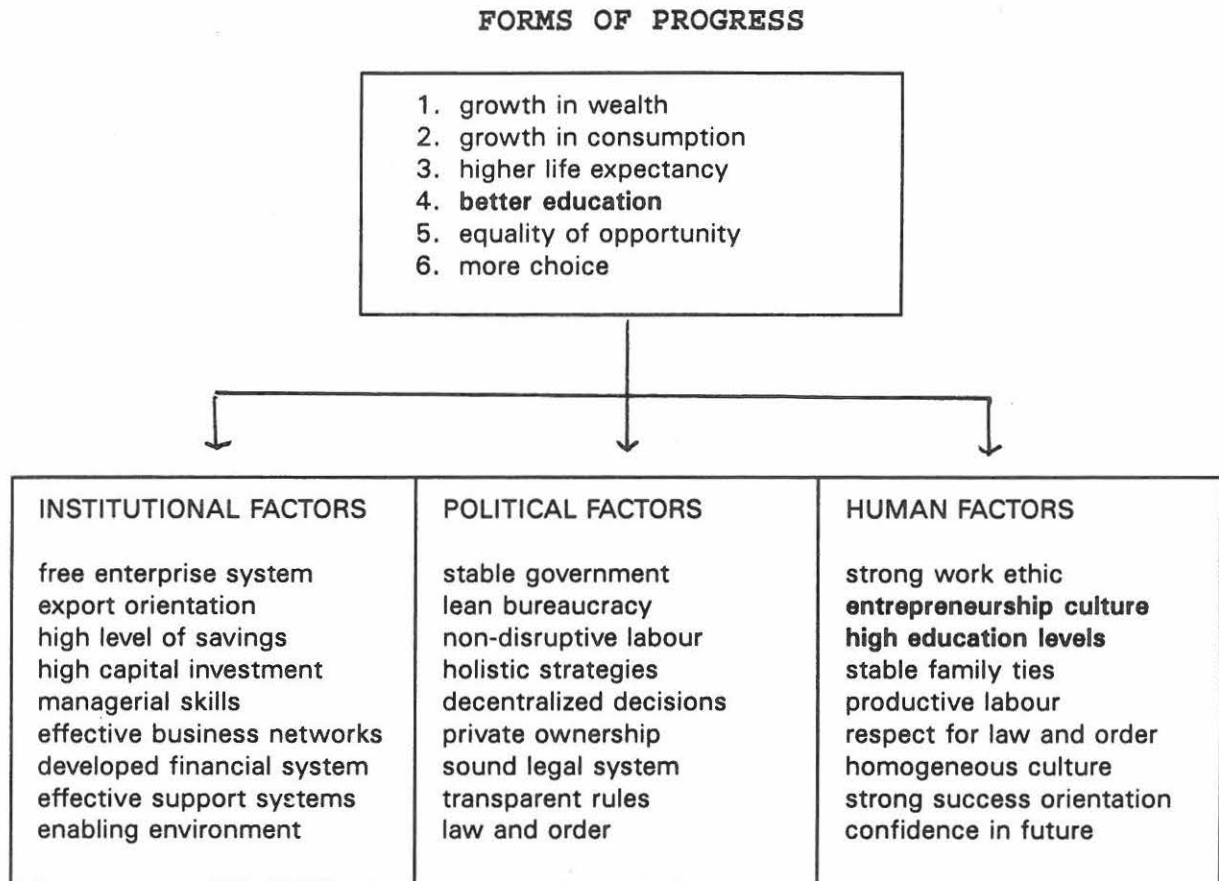
- * large businesses with high technology and huge financial resources, as well as small businesses and the informal sector because that is where most employment would be created (Lessem 1996:89-99).

Above argument of Sunter proves that education and training forms the core of economic growth and knowledge of intended programme to introduce business acumen could contribute towards South Africa becoming a **winning nation**.

Vosloo (1994:424) provides a **recipe** for growth, indicating different forms of progress, comprising structural, political and human factors, as determinants of growth, in figure 2.1 on the next page.

Figure 2.1 represents a formula to bring about development in various aspects. The concept **better education** indicated under forms of progress, constitutes development in different institutions, in politics and in human endeavours, promoting growth. This illustrates the fact that education can initiate human development.

FIGURE 2.1: Recipe for growth



(Vosloo 1994:424) .

Growth indicated in figure 2.1, serves as indication of human success and confidence, induced through education.

The strengthening of the capacity of firms and labour markets to improve their productivity and to capitalize on innovation seems foremost in manipulation of new economic environment. This capacity depends primarily on the knowledge and skills of the population (Organization for economic co-operation and development 1995:23) and the utilization of human capital, being the endeavour of present study.

The cumulative nature of economic growth is of great importance to a country and several factors which determine the rate of growth are:

- * the ways in which the productive potential of a nation can be increased;
- * increased skills and education;
- * the introduction of new technology; and
- * reallocation of resources (Stanlake 1993:473-476).

All the above factors emphasise the importance of the promotion of business acumen to enhance productive capacity of nations.

Vosloo (1994:386) maintains that all countries having had success in the achievement of significant economic growth and development, relied on wise investment in education as well as in the physical and capitalistic infrastructure of the country. Such investment culminate in high productivity by means of private initiative and enterprise in markets, competition and trade. An attitude from which South Africa can learn through the implementation of business related knowledge and skills education.

When the factors encouraging economic growth in South Africa is scrutinized, it is indicated that shopkeepers and entrepreneurs are considered as inducement of economic growth, which could be

reinforced through a programme on business acumen.

2.5.1 Factors influencing economic growth in South Africa

Sunter (Lessem 1996:100) claims that South Africa, in order to be a **winning nation**, has *five great strengths to help it in its ascent to the high road*, they are the following:

- * of all developing countries in the world, South Africa has the best infrastructure. It has a modern network of roads, bridges, railways, airports and harbours. Its system to supply electricity, telecommunications is unrivalled. This could act as a remarkable catapult for future economic growth;
- * the **invisible** infrastructure, such as the banking system, the stock exchange, relevant tax stability, commercial law and labour legislation, also acts as support;
- * a great strength lies in the ample mineral resources of South Africa which should be turned into manufactured products in order to add to their value;
- * South Africa possesses great natural beauty and tourism should strive to overtake gold as the chief earner of foreign exchange when moving into the next century; and

- * the people of South Africa are a nation of natural shopkeepers and entrepreneurs (Lessem 1996:100).

By African standards, the economy of South Africa is unparalleled. The economic performance of South Africa since 1975 has been more impressive than any of that of the neighbouring countries, which are regarded to be among the weakest economies in the world (President's Council 1993:20).

Above arguments demonstrate that South Africa has the necessary infrastructure to produce economic growth. It should be noted that education is not prominently mentioned as a strength to produce economic growth. Undoubtedly, without appropriate business related education, not even the natural shopkeepers and entrepreneurs will be able to induce economic growth.

2.5.2 Factors hampering economic growth in South Africa

South Africa has a population growth rate of 2,7 per cent for the entire country and approximately 3,9 per cent in urban areas. A rational economic growth rate is essential to provide the income and tax support in order to finance the sociocultural, infrastructural and necessary services for human development of the multiplying South African citizens (Vosloo 1994:6).

Productivity and economic advancement are dependent upon the educational upliftment of the labour force of South Africa. Literacy, per se, is not adequate with regards to educational

upliftment, but the question that should be asked is 'literacy to what end?' (Roth 1997:99).

Above question is answered by Leew and Plasket (1993:3), when they proclaim that basic literacy is a pre-requisite for developing economic literacy or business acumen. The problem is that three million children were not yet accommodated in the school system of South Africa by 1993. The number of illiterate people in South Africa varied between six and eighteen million at that stage and about 80% out of a workforce of 750 000 people in the mining industry were considered to be illiterate. More than half of the workforce of 21 000 people employed by the Johannesburg Stock Exchange were also found to be illiterate (Leew and Plasket 1993:3-14). This serves as an indication that business related knowledge and skills should also be acquired through nonformal education which is an application possibility for intended programme of teaching.

As illustrated above, the larger part of the population in South Africa has very little knowledge of economic matters. Economic principles associated with the functioning of the country or of business enterprises are not understood because people are not exposed to the fundamental concepts, principles and mechanisms of a free market system (President's Council 1993:11).

The main factors restricting the improvement of knowledge of economic and business related knowledge and skills are:

- * misunderstanding of the fundamentals of business, such as how turnover, income, expenditure and profits operate in free enterprise;
- * distrust and lack of mutual agreement in the workplace;
- * a shortage of State revenue to provide facilities to present people with business programs;
- * the shortage of facilities for adult training outside normal working hours;
- * the irrelevance of many of the subjects taught at school for a changing world; and
- * important basic economic skills are almost non-existent in school curricula (President's Council 1993:13).

Lessem (1996:81) decrees that *South Africa would not be saved by a black or by a white Messiah, but by turning ordinary people into champions*. Since South Africa has an immense untouched market, the challenge would be to create economic prosperity in association with and not instead of democracy, which can only be realised through education of ordinary people.

Each worker should be as economically literate as possible in order to proudly identify himself as contributor in the economic process. This should enlighten the worker that his own efforts

are parallel to those of fellow workers. A self-fulfilling motivation into development of a more responsible, accountable and conscientious workforce would be created by such awareness (President's Council 1993:54), which can only be obtained through education which is aimed at the promotion of business acumen.

2.5.3 Entrepreneurship, small businesses and economic growth

The factors of production, namely, land, labour and capital, if left to themselves, will not produce. Organisation is needed in order for production to take place. Decisions about what to produce, how to produce and where to produce should be taken by someone, and this person is known as an entrepreneur which can be developed through business related knowledge and skills. The entrepreneur undertakes production with a profit as well as the risks involved, in order to induce economic growth (Stanlake 1993:37).

An entrepreneur may be described in the broadest sense as a person who *has the ability to explore the environment, identify opportunities for improvement, mobilize resources and implement action to maximise those opportunities* (Vosloo 1994:147). Well educated entrepreneurs, improved business related knowledge and skills, could exploit mentioned characteristics.

Entrepreneurial activities may be found in all walks of life. The term is mostly used in terms of business life, sometimes it is used in connection with small businesses and otherwise

referring to new businesses (Vosloo 1994:147). The term actually has no correlation with the size of an enterprise, but it is used to indicate a certain kind of activity. Even giant corporations engage in entrepreneurship (Vosloo 1994:147) and through education of business related knowledge and skills, individuals could make use of all opportunities provided.

Entrepreneurial activities are universally considered to be essential for economic growth, the creation of jobs and social progress. The small business enterprise has often been characterized as the natural environment of the entrepreneur. This environment is appropriate to enable the entrepreneur to employ their talents fully and to reach the goals set for themselves (Vosloo 1994:159).

Entrepreneurs have not yet been suitably recognized in the economy and have not been awarded appropriated credit for the contributions they make to economic growth. During his/her life-cycle, any person can be considered an entrepreneur, because the entrepreneurial act involves taking risks and human experience reinforce the entrepreneurial ability of any person (Schultz 1993:306), thus reinforcing the necessity to encounter knowledge of business acumen in human endeavours.

Erudite business people agree that, in order to exploit the growing economic opportunities in Africa, economic diplomacy and ordinary business acumen is essential. South African entrepreneurs are in a vital position, not only to contribute to

the welfare of Africa, but to gain from such a partnership. Participating in especially the business sector could become the driving force behind the development of Africa if the necessary business acumen is provided (Olivier 1997:15).

The formal economy has been unable to provide the necessary jobs and services in South Africa, therefore, the informal sector developed to contribute in a restricted manner by creating jobs and services. New entrepreneurs (President's Council 1993:36), provided an alternative for formal employment and developing family businesses.

Many parents have also realized that the vocational opportunities of their children are not guaranteed, even with matric certificates and that the best alternative option would be to *start a family business* (Grobbelaar 1997:12). To this avail, national and international research in co-operation with businesses and business organizations as well as the Department of Education of South Africa, America and England are being undertaken to provide learners with knowledge about such undertakings (Grobbelaar 1997:12).

Enough competence and the skills to operate a business, could be an antipode to unemployment, therefore such knowledge is of the utmost importance to all South Africans and should be widely introduced at preliminary educational levels (Barnard 1997:13). Subsequently this study strives to introduce young South Africans to business acumen.

A recommendation of the President's Council (1993:86) is that the vision of an economic literacy programme should be: *A South African society able to take advantage of economic opportunities for all in a new dispensation, and have full awareness of the impact of each individual citizen's economic behaviour on the processes of creating and distributing the fruits of common endeavours.* The slogan of the programme cannot be expressed in a better way than the following: **A BETTER LIFE FOR ALL THROUGH INCREASED ECONOMIC AWARENESS** (emphasis by researcher).

2.6 ACQUISITION OF BUSINESS ACUMEN THROUGH EDUCATION

Any education system is presumed to equip the youth of the society for future adult roles and responsibilities. Education implies transmitting knowledge, skills and attitudes, to enable minors to function effectively as individuals and as members of society in the world of work and in transnational settings (Verma and Pumfrey 1993:35).

Education, according to Verma and Pumfrey (1993:35) serves to:

- * promote development in terms of the acquisition of skills and knowledge valued by society;
- * concentrate on the needs and requirements of society; and
- * set patterns and models of behaviour which should be displayed by young people in group settings in school, in

a work environment and in wider social settings (Verma and Pumfrey 1993:35).

New thinking and fresh ideas are undoubtedly needed to make meaningful education available to as many South Africans as possible (Africa 1994:10). There is no magic formula to achieve this goal. Education is of increasing importance because the success thereof is of utmost significance to the economic competitiveness of South Africa. Students should be trained in areas where jobs are available (Africa 1994:10-11).

South Africa is confronted with low levels of education and high levels of unemployment. Figures provided by the 1991 census, reveal that 43 per cent of the economically active people are educated below standard five (Ballantine and Acutt 1995:53).

The education profile of the total population of South Africa in 1990 is indicated in table 2.1, specifying the level of education and the percentage contained in each level.



TABLE 2.1: Education profile of the total population: 1990

LEVEL OF EDUCATION	NUMBER ('000)	PERCENTAGE
None and unspecified	10 790,6	28,36
Primary	14 623,0	38,43
Secondary	10 912,8	28,68
Tertiary	1 725,2	4,53
TOTAL	38 051,6	100,00

(President's Council 1993:25).

Table 2.1 indicates that 28,36% of the total population of South Africa underwent no education and only 38,43% has primary education qualifications, which indicates that less than one-third of the population is significantly educated.

Research by Cawker and Whiteford (1993) revealed that the current unemployment rate is 43% to 46% of the total population. Education presently, does not even guarantee employment. One of the solutions to this problem is small business development. The skills needed will comprise basic understanding of economic and business concepts (Ballantine and Acutt 1995:53).

An important theme of the Reconstruction and Development Programme (RDP) in taking South Africa into the twenty-first century, is the development of the small and medium enterprise sectors (Dawjee 1995:10), which only can be attained through business related knowledge and skills.

The merit of small businesses are almost universally accepted in recent times (Vosloo 1994:159-169). Different types of business enterprise are tabulated proportionally in the table below as indication of the immense component of the informal sector in business.

TABLE 2.2: Proportion of business enterprise in South Africa in 1991

BUSINESS ENTERPRISES	PERCENTAGE
Holding companies	0,00003
Listed companies	0,0002
Registered unlisted companies	5,5
Close corporations	6,0
Sole proprietors, partnerships	12,0
Informal sector	75,5

(Vosloo 1994:169).

Table 2.2 clearly verifies that in the year 1991, the informal sector already comprised more than three-quarters of total business enterprises. This is a clear indication that a large percentage of people are in need of basic business acumen.

Assessment of existing training endeavours in the township business sector and in business areas dominated by the Black entrepreneur, reveals that educational efforts have been astonishingly low. Up to date, there are no large scale training programmes implemented in South Africa to induce business related skills. Most of the training offered through standard

programmes, omits knowledge about the informal sector (Vosloo 1994:380).

Economic literacy and knowledge of business acumen is fundamental to the standard of living of citizens of a country and all structures and amenities in all professions rely on it (President's Council 1993:61). Education will have to play a fundamental role alleviating the lack of economic literacy and consequently of business acumen in various communities in the country (President's Council 1993:57). The curricula covering the field of economic and management sciences in schools should be assessed by educators to resolve whether accurate views of economic life are taught to students (Banaszak 1987:1).

Recently, educators have sought general principles in the design of educational effort to counteract mentioned shortcomings (Pratt 1980:3-5).

Knowledge of economics or business acumen is part and parcel of the concept of being literate. Participants at a Cosatu workshop (Leew and Plasket 1993:15) agreed that in order to be literate, workers should have a general knowledge about issues such as health, society, laws, culture, economics, politics, the environment, geography, science, history, financial institutions and numeracy. Courses on literacy need to reflect reality and provide South Africans with informative and functional content through which skills could be presented and practised (Steinberg 1993:31).

The **need** for economic literacy education to promote business acumen in South Africa seems imperative and all pupils need to benefit from such a programme to ensure economic realization and economic growth. A curriculum, appropriate to the needs and aspirations of learners, should be developed and it should provide them with marketable skills (Wydeman 1993:12).

Extensive research was effected in South Africa and culminated in the design of Curriculum 2005. National research already had suggestions on curriculum content to this effect (see 2.6.2).

2.6.1 Learning area outcomes specified by the National Department of Education

The new South African outcomes-based education system, called Curriculum 2005 (also see 4.4.3.3) aims at preparing individuals to successfully meet challenges of the next century. Thus the paradigm focus of education is changed from content to outcomes which should provide learners with knowledge, competencies and orientations necessary to obtain success after leaving school. Curriculum 2005 centres around eight fundamental learning areas, namely: natural sciences, human and social sciences, arts and culture, mathematical literacy, economic and management sciences, language and communication, life orientation and technology (USAID 1997).

According to the Department of Education (1997:117), the learning area of Economic and Management Sciences comprises four focuses,

being Administration, Economics, Finance and Management. This already has been ascertained through literature study (see 1.8).

The Department of Education (1997:105) also prescribes that knowledge acquired in this learning area, should enable learners to contribute towards upliftment of the standard of living, human development, justice, key requirements of employment, productivity and opportunities to realise individual potential. This learning area is considered fundamental to prepare citizens of South Africa for understanding the crucial importance of reconstruction, progress and economic growth to ensure a stable economic future for South Africa. This learning area should have the following effect on learners:

- * provide knowledge and comprehension of economic and management skills and expertise, enabling them to play a fundamental part in transforming the economic, social, political, technological, physical and demographic milieu of the country; and
- * introduce an understanding of the process by which wealth is created through provision of essential background and knowledge in the different spheres of the economy, being basic economics, management and finances (Department of Education of the Free State 1997:105).

2.6.2 Suggested curriculum content through National research

The President's Council (1993:64) suggests a basic curriculum to comprise the following:

- * knowledge of levels of government, which includes the responsibilities of government in connection with the functioning of the economic system; tax responsibilities and the impact of taxes on the total economy;
- * voter control and voter responsibility which includes the rights of the individual citizen as well as specific responsibilities;
- * knowledge of economic systems which have as main objective the creation of wealth and the advancement of the quality of life of the community;
- * cognizance of the importance of competition, the reward for productive labour, employer/employee relations, consumer education and knowledge of their rights in a free enterprise system;
- * basic financial concepts, such as budgeting, loans, how to calculate profit and loss;
- * environmental awareness which includes public involvement in environmental conservation in order to conserve

resources for future generations; and

- * credibility, including creativity, co-operation, interest of the community and a sense of communal belonging (President's Council 1993:64-72).

The President's Council (1993:88) also recommends that the following matters could also be considered when such a programme is implemented:

- * basic values and basic civil rights;
- * the concept of remuneration based on output and worthiness;
- * the importance of productivity;
- * the roles of the entrepreneur;
- * the principle of profit as reward for business enterprise;
- * employer/employee relations;
- * the advantage of savings;
- * the principle that an individual should pay for the governmental infrastructure and services;
- * the strain the abnormally high population growth rate places on the country's limited resources; and
- * the advantages of participating in educational and training programmes (President's Council 1993:88-89).

Recommendations of the Office of Educational Research and Improvement in the U.S. Department of Education, are now examined.

2.6.3 Suggested curriculum content through Educational Research in the United States of America

A publication prepared for the Office of Educational Research and Improvement in the United States of America, revealed that education for economic literacy should centre around development of the ability to direct objective, reasoned analysis of economic issues, since economics studies decision-making about the use of productive resources. Decision-making requires knowledge of economic concepts and generalizations, such as matters pertaining to daily personal concerns and of broad economic policy. This knowledge should enable students to enjoy a complete understanding of their world, enable them to make more reasoned economic decisions and be completely in control of their economic future (Banaszak 1987:4), which view is reflected in the recommendations for the South African version of the course on economic literacy (see 2.6.2).

Educational research in the United States of America revealed that the principle themes of economics education should include the concepts scarcity, productive resources, economic systems, exchange, the market place and managing the economy. Students should be taught to understand the economic extent of matters, to evaluate the consequences of economic decisions and intelligent political participation (Banaszak 1987:1).

It has been ascertained that the main areas which have been demarcated as content of study, includes the following: Economic

laws and principles, patterns of business, finances, taxation and the government, insurance and credit. It has also been established through research (see 2.3.3) that these factors are crucial to wealth creation of a country.

Research also highlighted knowledge of functioning of businesses and making use of every opportunity in business as the most important attribute of the concept business acumen (see 2.3.3).

The learning area for economic and management sciences proposed by (USAID 1997) comprises the following:

- * to prepare citizens to appreciate the importance of reconstruction, development and economic growth; and
- * equip individuals with a knowledge and understanding of economics, management skills and wealth creation.

2.6.4 Educational methods and materials

The President's Council (1993:58) recommends the following formal education methods which should lay the essential foundation for an economically conscious and informed population:

- * pupils in primary and secondary schools should be given instruction in elementary civics, responsibilities of citizenship and the requisites for the functioning of modern democratic government;

- * in primary school the child should be taught tolerance, respect for differing viewpoints, the understanding of contrasting ideas and democratic economic principles;
- * in secondary school the child should be introduced to modern industrial life, which includes democratic responsibilities as a member of society as well as choice and decision-making; and
- * tertiary training should impart the realisation that economic growth is considered as an element of change and that the path to wealth consists of a society which are willing to accept social and political change and technological modernization (President's Council 1993:58-59).

Individuals need to be acquainted with the functioning of companies and how they fit into the larger structure of organisations. Knowledge of how money affairs should be handled should be imparted because people still believe that only management pockets profits of organizations. The concept of shareholders and the running of modern businesses is something some people have never heard of. Training on how businesses operate, what business entails and how individuals themselves could make a contribution towards business or even start their own businesses, is imperative (Kruger 1995:25).

The President's Council (1993:60) suggests that educational material should comprise the following:

- * the significance of the price system and property rights;
- * the rules of a market economy;
- * the dangers of too much state involvement in the economy;
- * the role of competition as a process of discovery;
- * the important function of the consumer;
- * the definition and relevance of democracy; and
- * the significance of moral values in a market economy.

Research disclosed preference to the following concepts to be included in a programme of teaching on business acumen (see 3.5.3.1), linking closely with above suggestions provided through National research.

- * budgeting;
- * the management task;
- * establishing a business;
- * saving money;
- * contract concepts;
- * sales procedures;
- * cash and credit;
- * placing and receiving orders;
- * financial knowledge; and
- * public relations.

It can be concluded that a curriculum should be developed to provide learners with specific lifeskills. The exact substance of whatever concepts to be conveyed have to be indicated in detail.

2.7 CONCLUSION

Literature relevant to business acumen and economic literacy was studied in chapter two to implicate the importance of the promotion of business acumen. Applicable terminology and concepts pertaining to this research were clarified in order to indicate the content of intended introductory programme to enhance business acumen of learners.

Chapter two thus established that knowledge of business acumen for managing commonplace economic aspects of life is imperative. Aspects indicated through research (see 2.6) should be included in a teaching programme. With the literature study as basis, a qualitative study is undertaken in chapter three to establish what perceptions various businesspeople have of business acumen and to determine relevant content of intended introductory programme of teaching business acumen.

Chapter three thus comprises the collection and analysis of qualitative data to verify the essence of business acumen.

Processed data is displayed in the form of figures and numbers and the deduction derived from the questionnaire is contemplated upon.

CHAPTER THREE

COLLECTION AND ANALYSIS OF QUALITATIVE DATA ON PERCEPTIONS ABOUT ESSENCE OF BUSINESS ACUMEN

3.1 INTRODUCTION ✓

A study of literature relevant to the synonymous concepts business acumen and economic literacy in chapter two, verified that these concepts could be interpreted as knowledge of the manner in which everyday economic aspects of everyday life is managed.

In chapter two a study of economic growth and human development as ultimate goal of economic activity indicated that human development through education produce economic growth, emphasising the necessity for knowledge of business acumen.

Chapter two further established that knowledge of business acumen was indispensable for management of routine economic aspects encountered constantly by individuals. In chapter three the opinions of individuals as public opinion also receives attention.

Chapter three comprises two parts. It involves data collection to determine the constituents of the concept business acumen. Use is made of the qualitative research method and the rationale

for the selection of mentioned method of research is explained (see 3.2.1).

Questionnaires as technique of data collection is resolved and the purpose for including questions in the questionnaire are explained. Technical details, such as the time allocated for completion, the coding of data and the reliability and validity of the research method are also considered in chapter three.

3.2 RESEARCH METHODS IMPLEMENTED IN DATA COLLECTION

The critical starting point of research is to determine what is to be achieved. After which, the most appropriate methodology is selected to continue with the research project (Denzin and Lincoln 1994:210).

The research questions answered by this chapter (see 1.4) are the following:

- * what does the expression business acumen entail?
- * what are the components that make up the concept business acumen?
- * will knowledge of business acumen enhance the economic functioning of a person?

- * is the acquisition of business acumen a prerequisite for running a business?

The qualitative research approach is applied (see 1.10) to answer above questions. The study is also descriptive in nature, accurate description being an essential part of all methods of research, and appropriate to answer the research questions indicated in this chapter.

The method of research to complement the qualitative research in order to realize the main aim of this study (see 1.9) being, to design a programme to promote business acumen, includes a quantitative component (see 5.5) which is supported by a thorough study of relevant literature in chapter two.

This chapter focuses on the qualitative method of research, because qualitative methods enable the study of selected issues in depth and in detail, producing detailed information about a much smaller number of people and cases (Patton 1990:14).

3.2.1 The Qualitative Research method ✓

The word qualitative signifies that emphasis is placed on processes and meanings, not accurately scrutinising or measuring in terms of quantity, amount, magnitude or frequency. The socially assembled nature of reality is stressed, answers are sought about questions and subsequently given meaning (Denzin and Lincoln 1994:4).

Qualitative inquiry gives rise to new questions, expands the frame of reference of the individual and enables the examination of evidence in a productive manner. Qualitative researchers also concentrate on natural settings, they are interested to discover new insights. Nothing is taken for granted, and they want those who are studied, to speak for themselves (Sherman and Webb 1988:5-45).

In present research, business people and teachers are the respondents to questionnaires, each question is accompanied by an open-ended section where the opinion of the respondent is invited. This was necessary in present study because when people speak for themselves, new insights are discovered about the concept business acumen.

Qualitative research also places emphasis on comprehension by paying attention to the words used by people and the intention of such research is to discover patterns emerging from thoughtful analysis of the research topic. Contextual findings and not extensive generalizations are the discoveries made through qualitative research (Maykut and Morehouse 1994:17-21).

Finally, qualitative investigation broadens the understanding of educational research by extending the researcher's framework of reference. It provides a means of counteracting rationalization of researchers and assists researchers to search for universal and infinite generalisations (Sherman and Webb 1988:170). In present study the qualitative method of investigation should

provide constant truths pertaining to the concept business acumen.

The nature of existing conditions are reproduced through the descriptive method.

3.2.2 The Descriptive Research Method ✓

Descriptive research appraises the character of conditions as they represent themselves. The purpose is that such essentialities are identified as they occur, no manipulation of treatments takes place, research is intent on measuring things as representation of reality (McMillan and Schumacher 1993:34-37).

Description could be qualitative as well as quantitative (Anderson 1990:120). Qualitative methods enable the researcher to study selected matters in depth and detail, while quantitative methods compel standardized measures to be used in order that the perspectives and experiences of people could be placed into categories which are predetermined and to which numbers are allocated (Patton 1990:13-14).

In order for the perspectives and experiences of people to be placed into categories to which predetermined numbers are to be allocated (Patton 1990:13-14), the quantitative method will also be used.

In order to procure credible data, any research instrument has to comply with certain requirements.

3.3 CHARACTERISTICS OF A RESEARCH INSTRUMENT ✓

An essential attribute of research instruments is the existence of reliability and validity, the latter being the most important characteristic (Fraenkel and Wallen 1993:138). Validity involves what is intended to be evaluated and for whom it is relevant, whereas reliability includes the consistency with which the instrument appraises whatever should be measured (Gay 1987:127-128).

3.3.1 Validity ✓

The relevancy, meaningfulness and usefulness of conclusions made by researchers, can be defined as the validity thereof (Fraenkel and Wallen 1993:139).

A more appropriate definition of the concept **validity** is provided by Goetz and LeComte (in Elliot and Peshkin 1990:125):

Validity is concerned with the accuracy of scientific findings. Establishing validity requires:

- (1) determining the extent to which conclusions effectively represent empirical reality, and*
- (2) assessing whether constructs devised by researchers represent or measure the categories of human experience that occur.*

The functionality of present research is to ascertain the concepts pertaining to business acumen and if related theory were to be imposed by means of a programme of teaching, an improvement of knowledge would result.

Reality is represented in the questionnaire (see appendix 3.1) used in this study by posing questions which are relevant to the concepts of business acumen and is supported by the fact that it is relevant to human experience as well, therefore only business people and students enrolled for a course in business, were requested to complete related questionnaires.

Accurate interpretation of results can only be made if the group to be studied precisely conforms to specified standards in all aspects (Gay 1987:129).

The questions posed in the questionnaires are of such a nature that ambiguity should not occur in responses, and by posing similar questions to both the control as well as the experimental group, patterns should develop that can be compared, thus ensuring the validity of the data.

Reliability, dealing with the consistency with which an instrument evaluates, is closely linked to the concept of validity.

3.3.2 Reliability ✓

Reliability, in ordinary terms, means dependability or credibility (Gay 1987:135). With respect to measurement, the meaning is similar. The ratio to which a test constantly measures what it is intended to measure, is referred to as the reliability thereof. If a reliable test were to be re-administered, the scores obtained would essentially reveal similar scores the second time (Gay 1987:135).

Reliability directly points to the consistency of the scores acquired. If scores are inconsistent they provide no useful information and cannot be declared valid. If reliability of a test improves, the validity improves as well (Fraenkel and Wallen 1993:146).

The questions contained in the questionnaire are aimed at concepts relevant to business acumen which safeguards that only relevant responses will be given. If respondents are given another questionnaire to complete, they are not likely to change their opinions on this matter, consequently their scores would be similar, which indicates the reliability of the items.

Validity has been verified in this study by the fact that another measure of the same variable was supplied by administering the same questionnaire to all the stakeholders involved. Reliability has been verified by the fact that the same questionnaire has been administered to all respondents involved.

After the research problem had been defined, related literature was reviewed and the hypotheses or questions stated, careful thought should be given to sample selection and data collection (Gay 1987:190).

3.4 POPULATION AND SAMPLE SELECTION ✓

Sample selection is the primary technique used to collect data and the manner in which cases rich in information, present themselves. The reasoning behind sampling is associated with the purpose of the study, the research problem studied (McMillan and Schumacher 1993:382).

Cohen and Manion (1994:173) state that, when an educational design is in the planning stage, the researcher should take the population to which the results should be generalized, into account. Such intention should involve decisions over sample sizes and sampling methods.

Non-probability sampling is the most commonly used method in many educational studies. This type of sampling involves that whatever subjects are available, are made use of by the researcher. Such subjects may include a class of students or a group of people gathered for a meeting (McMillan and Schumacher 1993:160).

In the case of this study, accessible subjects available were business people gathered for meetings, teachers actually involved

in the teaching of commercial subjects, an expert in the field of education and curriculum coordinators actively occupied in the new educational dispensation. These subjects were chosen at random by researcher, owing to their availability at the time.

3.5 DATA COLLECTION ✓

There are essentially six methods used for collection of data, namely, observations, questionnaires, interviews, documents, tests and unobtrusive assessments. All researchers use one or more of these versions, depending on the effectiveness and restrictions of each of these considerations (McMillan and Schumacher 1993:40).

Initial data collection in this study was implemented by making use of a questionnaire.

3.5.1 Questionnaires ✓

The questionnaire is the most broadly used technique for acquiring information. It is relatively economical, contains structured or unstructured questions, ensures that the respondent remains anonymous and the questions can be asked with specific purposes in mind (McMillen and Schumacher 1993:238). The questions included in the initial questionnaire for this study were set with the purpose to gauge perceptions about the concept business acumen.

Questionnaires are employed to resolve opinions, attitudes, preferences and perceptions whereas studies that deal with sensitive topics that invoke deeper responses cannot be measured by questionnaire and thus the need to employ interviews (Borg, et al 1993:219) which also serves as a test for reliability if the same subjects become interviewees.

Complex responses are not required where the concept or notion of business acumen is indicated in this study. Research in this case revolves around opinions, attitudes, preferences and perceptions as mentioned above. The above mentioned method of obtaining information about business acumen is regarded appropriate for present research.

Certain practical considerations require attention to ensure the functionality of questionnaires.

END

3.5.2 Practical considerations re questionnaires

As an instrument of qualitative research in present study, a questionnaire based on the design of Oppenheim (1983:207-220) is used.

3.5.3 Questionnaire intended to determine perceptions about Business Acumen

The first questionnaire was to be completed by business people to establish insight of how they conceptualised business acumen

(see 1.9.1). This questionnaire was presented at the annual Free State general meeting of SACOB at Ladybrand and at business exhibitions in Welkom where a large number of business people were gathered. It was also personally handed to individual people involved in business. All respondents were informed that the information would be used for research purposes only and that their identity would not be revealed.

Respondents were allowed to complete the questionnaires in their own time and it was collected afterwards.

3.5.3.1 Questionnaire intended to assess existing Business Acumen of pupils (see Appendix 3.1)

This questionnaire comprises three parts, making use of **filter questions**, which are intended to lead to the removal of characteristics considered to be redundant or unnecessary. A series of blocks are supplied at the end of each question or statement, indicating the preferral or non-preferral of such a statement. Each section is concluded with a **comment on** question which attempts to elicit extensive comments, posed as an open-ended question.

The first part supplies different words, such as **discernment** and **perception**, indicating that business acumen is assumed to encompass all fields of business activities. Preferences have to be marked if the word is considered to be appropriate to manifest such a notion. This section ends with an open-ended

question to determine the respondent's own interpretation.

The second part comprises statements, such as **the specialized language spoken by businessmen and higher levels of business expertise**, which, according to the opinion of the respondent, should justify in which way the applicable concept is considered to be appropriate in its description of necessary qualities inherent to business acumen. This section also ends with an open-ended question where the respondent is able to state his/her own interpretation of qualities innate to business acumen.

The third part requests the provision of preferences of different commercial activities which should be included in an introductory programme of tuition to generate knowledge of business acumen.

An open-ended question, which requires the contribution of the respondent, concludes the questionnaire.

The questionnaire ends expressing appreciation for the contribution of the respondent.

Before the data analysis can be presented, procedures are explained.

3.6 PROCEDURES PRIOR TO DATA ANALYSIS

After administering research instruments, the collected data is scored and processed to facilitate analysis (Fraenkel and Wallen

1993:131, Gay 1987:335).

3.6.1 Coding of data

To avoid inaccurate or misleading conclusions being drawn from accumulated data, it should be scored accurately and consistently. Scoring plans should be carefully prepared before the actual administration of the instrument. A scoring manual should list the steps to be followed (Fraenkel and Wallen 1993:131).

A code book (see Appendix 3.2) was prepared to serve as the primary guide for preparing questionnaire responses for analysis and also serve as the guide for locating data during analysis. All responses were assigned letters of the alphabet which were machine readable by the researcher. After scoring the data, the results was transferred to summary data sheets where the data was tabulated in appropriate columns.

3.7 DATA PROCESSING

When data has been obtained, the following relationships have to be established:

- * What characteristics are *typical* of the groups;
- * *Diversity* within the groups;
- * *Relative standings* of individuals;
- * *Differences between* groups; and

- * *Relationships between variables* within the groups
(Charles 1988:154).

Data was employed to impart the following:

- * Describe what has been discovered;
- * Make conclusions about the accuracy and significance of the findings obtained (Charles 1988:154, also see 3.9.2).

Collected data is not immediately available to be analyzed and should firstly be processed. Processing comprises three coinciding flows of activity: data reduction, data display and conclusion deriving (Miles and Huberman 1994:9-11).

Subsequently the elements integral to data analysis should be resolved.

3.8 COMPONENTS OF DATA ANALYSIS

If collected data is not scored precisely and unfailingly, conclusions drawn from the data may be inaccurate and misleading. Each individual questionnaire should be scored following exactly the same procedures and criteria. Researchers should formulate their scoring plans in writing before attempting to analyze data (Fraenkel and Wallen 1990:119).

No rigid guidelines exist, and researcher has to develop a scoring procedure, identify problems and rectify such problems

before the procedure of scoring can be completed (Gay 1987:336).

The scoring procedure followed in present research for the structured questions, involves a yes or a number one for an answer ticked or acknowledged as an attribute of business acumen and for an attribute not ticked, a no or a number zero. The open-ended questions following a certain structured question, are numbered in the following way, if question one names seven attributes, the first number of the open-ended question is number eight. All extra attributes added by respondents are numbered from seven upwards. If any attributes correlate with the seven attributes already mentioned, the response to the open-ended question is allotted the same number as the number in the structured question and added to subsequent calculations. If no response is given a number zero is allotted to that specific question.

After information had been assembled, difficulties, such as problems relating to the multiplicity of data sources and forms, occur. To be able to condense and analyze mentioned material, would take a few years unless a certain course is followed to reduce data (Miles and Huberman 1994:55).

3.8.1 Data reduction

Data reduction comprises coding of data and tabulating the results.

3.8.1.1 Coding the data

Recording of the scores in a methodical manner assists examination of data as well as data analysis. If intricate or multiple analysis are to be performed, or if a large number of subjects are involved, as in this research project, calculations are usually done by computers. In this instance, coding of data is primarily important (Gay 1987:337).

Coding is analysis. Codes are tags or labels, usually attached to words or phrases. This section of analysis comprises differentiation and combination of the data gained and the opinions formed about said information (Miles and Huberman 1994:57).

Classifying data into parts through a classification system is called coding. A classification system should be developed by making use of one of three designs:

- * separating the data into units of meaning called topics;
- * commencing with sections and breaking each section into subsections; and
- * connecting approaches and discovering new categories (Schumacher and McMillan 1993:486).

Two of the three designs were employed in this research, namely, separating data into topics and the discovery of new categories.

- * the topic of the first four questions classified as characteristics of business acumen and question five indicates contents of the programme; and
- * the open-ended questions following the two topics indicated connecting approaches and discovery of new categories.

Primarily, each subject should be given an ID number. For example, 50 subjects should be numbered from 01 to 50. The next step will be to code non-numerical data as well as categorical data where a choice was indicated in the response. Different statistics are relevant for different scales of measurement (Gay 1987:338-340).

Coding for this specific research is done in the following way:

* **External context**

This coding merely consists of assigning each questionnaire with an ID number in the upper right hand corner. The questionnaire on business acumen is coded QUAL01 to QUAL24.

This coding is an indication that research resorts under the qualitative method and the number of questionnaires completed are twenty-four out of one hundred and twenty initially circulated.

*** Internal context**

Apart from above mentioned codes, internal contexts are coded in the following manner:

CHAR - Characteristics

TYP - What is typical for each group

ADD - Considered as an additional characteristic

REL - Relationships between variables within the groups

The questionnaire on business acumen is coded in the following manner:

CHAR - each characteristic is numbered according to the section to which it belongs;

TYP - characteristics typical to the section was added to the numbers allotted to the section; and

ADD - additional characteristics were indicated to be numbers over and above the indicated numbers in each section.

*** Ultimate outcomes**

OUT - Ultimate outcomes

DIS - What has been discovered about certain topics.

The third section of the questionnaire on business acumen is considered as an outcome of the first two sections and each preference is allotted a number from one to fourteen and the open-ended question was either regarded as typical to the section, or treated as additional characteristics.

After concluding the coding procedure, the data has to be arranged in such a way that it can be analyzed.

3.8.1.2 Tabulating, or processing of data

Data is transposed directly from each questionnaire form into tabular form, each question as a separate table, the rows representing either a yes or a no response or whatever response was required.

After completing all questionnaires of a section, the answers are simply added. This manner facilitates calculations.

On completion of calculations, the data should be presented in graph or tabular form. This, essentially is classified as descriptive statistics where a set of numbers is transformed into indices that describe or characterize the data. Descriptive data can thus be used to summarize, organize and reduce large numbers of observations (McMillan and Schumacher 1993:192).

3.9 DESCRIPTIVE PRESENTATION OF RESEARCH RESULTS

Qualitative and quantitative data is not displayed in the same manner; qualitative data is mostly displayed as a narrative presentation, because the participants' language is the data. Quantitative research uses statistics as a method of organizing data, facilitating the organization and interpretation of numbers obtained from measuring a characteristic or a variable. The meaning of statistics originates from the research design and it is considered an international language to manipulate numbers. (McMillan and Schumacher 1993:191 and 506).

After the initial coding and organizing of data, information obtained is either tabulated or displayed graphically. Data has to be displayed as element of analysis.

3.9.1 Data display of questionnaire

Data procured after processing will be displayed as follows:

- * the qualitative questionnaire is divided into three sections, each with an open-ended sub-section and an open-ended section at the end to indicate the opinion of the respondent. Each section is analyzed individually.

3.9.1.1 Section one

The **first section** of the questionnaire on terms indicating an

attribute to the concept business acumen, revealed the following row percentages, indicated in table 3.1.

TABLE 3.1: Percentages indicating attributes of business acumen

No.	ATTRIBUTE	YES	NO
1.1	Discernment	29,2%	70,8%
1.2	Perception	29,2%	70,8%
1.3	Well-versed	29,2%	70,8%
1.4	Insight	37,5%	62,5%
1.5	Sharpness of wit	16,7%	83,3%
1.6	Intelligence	33,3%	66,7%
1.7	Familiarity	29,2%	70,8%

Table 3.1 indicated that insight and intelligence was chosen by respondents as the most important attribute to the concept business acumen. Sharpness of wit was rated the lowest when the concept business acumen was characterized by respondents.

The open-ended question which requested a personal classification of the notion business acumen, received the following responses, tabulated in table 3.2 on the next page.

**TABLE 3.2: Personal responses in addition to those supplied
 on the concept business acumen**

EXTRA ATTRIBUTES	PERCENTAGE
Repetition of above attributes	33,7%
No answer, no opinion	29,2%
Capitalizing on opportunities	12,5%
Competency	4,2%
A knowledge of business	4.2%
Good decision-making	4.2%
All round general knowledge	4.2%
To be able to "read" the market	4.2%
Ambitious	8,3%

Table 3.2 illustrates that approximately one-third of the twenty-four respondents have no opinion of their own on attributes of business acumen. Another third, totalling eight of the respondents only repeated given concepts, leaving only one-third of respondents to supply new information.

3.9.1.2 Section two

Statements rationalising the notion of business acumen, according to the opinion of respondents, are displayed in table 3.3.

TABLE 3.3: Statements rationalising business acumen

No.	STATEMENT	YES	NO
3.1	Specialized language of business people	33,3%	66,7%
3.2	Enlightened employee	54,2%	45,8%
3.3	Enlightened consumer	45,8%	54,2%
3.4	Enlightened business owners	75,0%	25,0%
3.5	Wiser investors	33,3%	66,7%
3.6	Informed citizens	37,5%	62,5%
3.7	Business expertise	66,7%	33,3%
3.8	Responsibilities of working world	62,5%	37,5%
3.9	Spending money on consumption	33,3%	66,7%
3.10	Functioning of business	83,3%	16,7%

Table 3.3 indicated that respondents preferred the following notions to define the concept business acumen:

Knowledge of functioning of business = 83,3%

To be an enlightened business owner or manager = 75,0%

Higher levels of business expertise = 66,7%

The open-ended section which requested the personal response of the respondent is recorded in table 3.4.

TABLE 3.4: **Personal interpretation of business acumen**

PERSONAL INTERPRETATION	PERCENTAGE
No comment, no opinion	50,0%
Drive, enthusiasm and guts	4.2%
Competency, personality and experience	4.2%
Competency and knowledge	4.2%
Taking chances and working hard	4.2%
Using every opportunity	8,3%
Changing opportunity into output	4.2%
Knowledge of principles of management	4.2%
Business etiquette	4.2%
Able to function in an enterprise	4.2%
Basic knowledge of accounting systems	4.2%
Dealing with the public	4.2%

Table 3.4 indicates that exactly one half of respondents did not want to express any opinion on what is expected of a person to portray business acumen.

The third section of the questionnaire sought suggested content for the envisaged programme to introduce business acumen (see also 4.4.3).

3.9.1.3 Section three

The section as ultimate outcome of the questionnaire, which requires respondents to mark what should preferably be included in an introductory educational programme to produce knowledge of business acumen, revealed the following:

TABLE 3.5: Concepts to be included in learning programme on business acumen

NO.	CONCEPTS TO BE INCLUDED	YES	NO
3.1	Establishing a business	62,5%	37,5%
3.2	Types of business	25,0%	75,0%
3.3	Basic elements of management task	66,7%	33,3%
3.4	Buying and selling terms	41,7%	58,3%
3.5	Placing, receiving orders	54,2%	45,8%
3.6	Sales procedures	58,3%	41,7%
3.7	Cash and credit	54,2%	45,8%
3.8	Contract concepts	58,3%	41,7%
3.9	Bank accounts	50,0%	50,0%
3.10	Budgeting	66,7%	33,3%
3.11	Saving of money	62,5%	37,5%
3.12	Stocks and shares	29,2%	70,8%
3.13	Duties toward environment	33,3%	66,7%
3.14	Duties toward government	37,5%	62,5%

Table 3.5 indicates that prominent business people consider that an introductory educational programme on business acumen should give preference to the following concepts:

Budgeting	= 66,7%
The management task	= 66,7%
Establishing a business	= 62,5%
Saving of money	= 62,5%

These findings correlate closely with research findings (see 4.4.3).

The open-ended section requiring the personal contribution of the respondent, revealed the following:

- * practical, hands on expertise needed, none too stifling, terminology bound;
- * most successful businesses are run by people who are not bogged down in techniques and training;
- * teach a person the basics of business, the rest will follow;
- * implement such programme as soon as possible;
- * if we were more knowledgeable in the above, it would be easier to run or set up new businesses;
- * an educational programme should include sources to indicate where information on business could be obtained;
- * basic elements of the management task includes all fourteen indicated elements;
- * apart from financial knowledge, public relations is important; and
- * sixteen respondents refrained from offering any personal opinion.

This represents a response rate of 33,3% on the section: Your own contribution. No opinion was suggested by 66,7% of respondents.

3.9.2 Conclusions derived from qualitative investigation

The qualitative questionnaire revealed that insight and

intelligence was chosen by respondents as the main attributes of business acumen. Additional attributes provided were, capitalizing on opportunities and ambition.

Statements explaining business acumen, disclosed that knowledge of functioning of business, an enlightened business manager and business expertise, was preferred. An additional explanation provided was making use of every business opportunity.

These concepts correlated with research findings obtained through literature study in chapter two (see 2.4.4).

Respondents preferred budgeting, the management task, establishing a business and the saving of money as concepts which should be included in envisaged educational programme on business acumen. These concepts also are similar to research findings through literature study (see 4.4.3).

Respondents encouraged implementation of the programme on business acumen as soon as possible, indicating a need in the field of business endeavours. This shortcoming was also revealed in the poor response to questionnaires, which presented a 20% response rate of completion of the questionnaire.

3.10 CONCLUSION

Chapter three manifested data collection to be inherent to all research studies. Instruments needed for the process were

designated to complement relevant study. Above conclusions were also verified through research based on a specific research methodology.

The qualitative research design and the grounds for the selection of mentioned method of research was explained as well as the reliability and validity of mentioned research method.

Questions included in the questionnaire was explained, as well as the time allocated for completion thereof. Antecedent procedures to data analysis also received attention.

Evaluation and analysis of qualitative data acquired by means of questionnaires then followed. Data was analyzed and processed through data reduction, data display and conclusion deriving. Data was displayed in the form of tables.

Chapter four is devoted to the design of the programme to introduce business acumen. This process comprises three phases:

- * the founding phase, dealing with the curriculum;
- * the planning phase, indicating all procedures followed before final design of the programme; and
- * phase three comprising the actual designing and technical details.

The programme consisting of twenty lessons is dealt with in detail and the content of each lesson fully justified.

CHAPTER FOUR

DESIGN OF BUSINESS ACUMEN PROGRAMME: PROCESSES AND PROCEDURES

4.1 INTRODUCTION

Chapter three contained collection of data on the concept business acumen and related concepts. This information is appropriately utilized in the compilation of the introductory educational programme on business acumen.

Chapter three also contained analysis of the qualitative questionnaire on business acumen. Analysis of public opinion identified insight and intelligence as the main attributes of business acumen and additionally, capitalizing on opportunities and ambition.

Business acumen, according to data collected, consists of:

- * knowledge of how businesses function;
- * business expertise that enable the individual to become an informed business manager; and
- * the ability to utilize business opportunities.

Analysis of the final part of the questionnaire, referring to concepts to be included in envisaged programme, indicated that

respondents preferred:

- * budgeting;
- * the management task;
- * establishing a business; and
- * the saving of money.

Chapter four contains the compilation of an educational programme intended to introduce basic business and economic concepts which resorts within the learning area of economic and management sciences. The compilation is based on the literature study and supported by qualitative research outcomes.

4.2 ORIENTATION

The education system devises, plans and selects the elements, techniques and procedures that constitute education through implementation of a school curriculum according to a pre-determined set of criteria to approximately cover an area of study (Verma and Pumfrey 1993:35). This gives rise to the most important question posed by curriculum developers: *what should be taught?* This question should include all knowledge, skills and attitudes to be realised by the proposed curriculum (Steyn 1992:3).

Although present research does not endeavour to develop a curriculum, the programme to introduce business acumen resorts within the curriculum learning area of economic and management

sciences and has to comply with the procedures and principles of curriculum design. The question about what should be taught to convey the necessary knowledge, skills and attitudes to enhance business acumen has already been established in the literature study in chapter two.

4.3 FOUNDING PHASE

Intelligent interaction with the environment requires that humans should understand concepts presented to them and as a result, create meaningful experiences in life. To assist educators to think and speak about education, necessary educational concepts are imperative. The essential concept which should be contemplated upon, is *the curriculum* (Steyn 1992:2).

A school curriculum usually involves all subjects which are taught at school. In order to control the number of subjects taught, *curriculum frameworks* are put into place (Marsh 1992:73). Wheeler and Kelly in Steyn (1992:3) define the concept curriculum as the *planned experiences offered to the learner under the guidance of the school*.

A curriculum framework can thus be defined as a group of related subjects which fit together according to a pre-determined set of criteria to approximately cover an area of study. The framework of any curriculum should then provide a structure for designing of subjects and justification serving as basis for development of subjects (Marsh 1992:73).

Above definition implies that *curriculum* is cardinal to the process of education. It refers to teaching, learning activities and experiences which should be provided by schools. It should include the following:

- * aims and objectives of the education system;
- * specific goals of schools;
- * selection of teaching content;
- * how it should be arranged into subjects, programmes and syllabuses;
- * what skills and processes should be included;
- * ways of teaching and learning;
- * relationships between teachers and learners; and
- * forms of assessment and evaluation (NECC 1992:1).

A curriculum is only valid when it assists to satisfy a significant human need, it can not be developed in a vacuum. When designing the curriculum, designers need to have a distinct idea of the institutional, communal and social context within which it is to be implemented (Pratt 1980:50 and 109).

4.3.1 Foundations of curriculum

The foundations of a curriculum should encompass the philosophy, view of history, opinion of psychology and learning theory and view of sociological issues as well as common and important knowledge required by the field for which the curriculum is intended (Ornstein and Hunkins 1993:1).

When considering philosophical ideas influencing the curriculum, there are several philosophical viewpoints that can influence curriculum development. Examples of these are: idealism, realism, pragmatism, constructionism and existentialism. Pragmatism which constitutes the philosophical underpinning of the programme to be developed, has change and relativity at heart and comprises knowledge as a process incorporating the constant change of reality. The curriculum is founded on experiences and interests of the child in preparation for the future. Learning takes place in an active way, solving problems either individually or in groups (Ornstein and Hunkins 1993:39).

The historical foundation of the envisaged educational programme is found in the rejection of the "apartheid" education in favour of the paradigm shift to Outcomes Based Education.

The area of study covered by present research is the area of economic and management sciences. The subject addressed by intended programme is business acumen as component of above mentioned study area.

4.3.2 Principles of Curriculum design

Curriculum design criteria should include all aspects of human experience in the process of transformation of *nature into culture*. Education for life means that, in order to make a meaningful contribution to society, humans should be educated in certain areas. The areas of experience should include the

following:

- * aesthetics and creativity;
- * social and economical;
- * linguistic and literary;
- * numerical;
- * ethical;
- * physical;
- * scientific;
- * religion; and
- * technology (Steyn 1992:5-10).

The locus of present study constitutes an attempt to make a meaningful economical contribution to society through development of a teaching programme which should generate knowledge of business acumen in learners as **education for life or a lifeskill**.

4.3.3 Curriculum design

Professionally trained teachers have to explicate any subject curriculum according to its specific characteristics (Steyn 1992:21) which explains the need for the design of curricula according to specified steps, which are:

- * situation analysis, which analyses all relevant information about the learner in all domains of the learner's personality, the society and the educational goals and aims of the school influencing the goals of the curricula;

- * the setting of aims, according to representation of people generating certain standards, clarity of interpretation of aims, defensibility, consistency which requires statements to be clear, representative and defensible and feasibility which illustrates the fact that finances, resources, personnel, the school and the community all support the purpose or aims of the curricula (Steyn 1992:22).

The process whereby above components are being assembled is labelled curriculum design (Steyn 1992:12).

Curriculum design refers to the manner in which the curriculum is conceptualized and major components are arranged to provide direction for subsequent development (Ornstein and Hunkins 1993:18).

Pratt (1980:5-9) defines the curriculum design as *a deliberate process of devising, planning, and selecting the elements, techniques and procedures that constitute some object or endeavour*. This process can make specific contributions to activities such as education in the following way:

- * focusing attention on goals, ensuring that goals are worthwhile and clearly understood by participants;
- * increasing the probability of success by anticipating potential problems and preventing costly delays;

- * improving the economy of time and effort and eliminating poor alternatives before they are implemented;
- * facilitating communication and coordination of projects by synchronizing operations making the best use of time and resources; and
- * reducing stress, which is specifically present in teaching (Pratt 1980:5-9).

The programme intended to introduce business acumen aspires to make a contribution to education by:

- * focusing attention on economical ends and ensuring that all deliberated knowledge, skills and attitudes pertaining to business acumen are worthwhile and clearly understood by learners;
- * increasing the probability of success by anticipating potential problems and preventing costly delays through thorough research which includes the completion of questionnaires, interviews with experts in the field and the implementation of proposed programme on business acumen to two groups of learners to ascertain its effectiveness;
- * improving the economy of time and effort and eliminating poor alternatives before they are implemented, by implementing the programme to one group of learners by a

specialist in the field of education and making consequent changes in collaboration with the teacher before implementation of the programme the second time;

- * facilitating communication and coordination of projects by synchronizing operations making the best use of time and resources through instructions for implementation of the programme and supplying exercises after each lesson; and
- * reducing stress present in teaching by giving instructions how each lesson should be implemented and giving guidelines and a special revision lesson at the end of each section.

Apart from making a contribution to education, curriculum design also comprises important social and political dimensions. A curriculum is a social product, because the organization of knowledge in the curriculum of a school can be seen as a social activity. The curriculum symbolizes social relationships of a particular group of people. It is designed by these people to reflect particular points of view and values based on the experiences of particular social groups and producing particular patterns of success or failure (NECC 1992:2).

4.3.4 Models of curriculum planning

Kelly (1990:59-62) implies two initial curriculum designs and a third design implemented as criticism of both models, which are the following:

- * subject content is broken down into a progression of small steps, which provides a clearly structured course of learning to both the teacher and pupil. This is called the 'thirty-nine steps' method of teaching. Learning is seen as a linear process, which is a sequence from easy to a more difficult level of learning content. The only satisfactory form of setting out this process, can be done by clear and concise curriculum planning, regarded as the **content model** of curriculum planning; and
- * the **aims and objectives model** of curriculum planning which firstly sets out the aims of the curriculum, then translates aims into another kind of 'thirty-nine steps' approach to teaching. Planning clearly follows the above linear structure, but the elements in such a structure contains short- and medium-term objectives. This inexorably leads toward final aims, rather than smaller sections of knowledge content leading toward larger and more difficult subject mastery (Kelly 1990:59).

Learning, even of the most basic skills, cannot be characterized as a linear, step-by-step sequence when learning, regarded as part of an educational process is considered and in criticism of above two models, a quite different approach was recommended. A more operational basis for curriculum planning constitutes the prespecification of procedural principles, establishing a clear structure for practice and simultaneously making possible flexibility of interpretation and adaptation for particular

pupils. This comprises the essence of education and provides a productive form of learning. This approach acknowledges the central role of the teacher in any educational process, setting only guidelines within which teachers are free to act and make professional decisions. This is known as the **process model** of curriculum planning (Kelly 1990:62).

The process model has been subsequently refined into a **developmental model** by Blenkin and Kelly (Kelly 1990:62), supplying a bias the previous models could not foresee. The developmental model of curriculum planning has as approach to education, the development of the potential and capacities of each learner.

The basic approach of this process set out in developmental terms, provides the criteria by which deductions continually are derived about the development of each learner and what provisions should be made to support such development (Kelly 1990:62).

Present research is theoretically based on the **process model** of curriculum development to compile intended programme to promote business acumen. Procedural principles which establish a structure for practice and provides flexibility of interpretation and adaptation for particular pupils are indicated.

Before ensuing educational programme can be developed, curriculum aims and goals should be established.

4.3.5 Curriculum aims and goals

A curriculum goal is identified as a *purpose or end* which should be stated in general terms, such as the demonstration of competence in the application of facts. An instructional goal is defined as a *statement of performance* which is expected from learners, such as the fact that students should be familiar with the basic steps of problem solving (Ornstein and Hunkins 1993:213).

The curriculum goal of present study can be categorised as the demonstration of competence in the application of facts related to business acumen. The instructional goal entails a statement of performance expected from learners indicating familiarity with knowledge, skills and attitudes related to all facets of business acumen.

4.3.6 Method of imparting curriculum content

The *how* of teaching should be clearly indicated, because teachers are apt to use conventional teaching methods which are familiar to them, namely, teacher talk, question and answer and textbook assignments (Marsh 1992:93). A curriculum designed to achieve total development of the learner demands different teaching strategies. The curriculum has to indicate the strategies to be implemented especially in cases of a complete paradigm shift as is the case in South Africa (see 4.2).

The programme to introduce business acumen is clearly outlined and all methods to be implemented are clearly indicated. The learning programme comprises twenty lessons, divided into four sections, each section concentrating on a different aspect of business acumen. The programme should be studied from the first lesson to the last, each section following one upon the other. Each lesson commences with an explanation of the content, followed by practical exercises as application of gained knowledge, providing flexibility for each learner to give his/her own interpretation of the question. At the end of each exercise, learners are given specific consignments, indicating adaptation possibilities for particular pupils in the acquisition of business acumen.

No teacher can take for granted that learning is taking place during the teaching process, therefore the curriculum should also provide evaluation or assessment strategies to be implemented.

4.3.7 Evaluation of learners presented by the programme

Evaluation is defined as the process to determine whether the *expected has occurred or is occurring in relation to the intended*. Pertaining to the curriculum, evaluation is intended to discover whether such curriculum is producing desired results (Ornstein and Hunkins 1993:324).

The intended programme on business acumen includes an exercise for evaluation purposes after each section to discover whether

the learners have produced desired results.

After all the particulars relating to the curriculum has been ascertained and the learning programme has been tested to conform with all components requested by curriculum planning, the actual framework of such programme needs consideration and the planning phase is entered.

4.4 PLANNING PHASE

The compilation of this programme is based on the principle that content is directed towards the demands of the economy and its *personpower* needs, as recommended by the National Education Co-ordinating Committee of South Africa. Primarily it should intend to develop an awareness about different economic activities, economic literacy and entrepreneurial skills, also suggested by the Nepi Curriculum Research Group (NECC 1992:41).

Certain considerations should be kept in mind before an educational design can be compiled.

4.4.1 Procedures followed in planning of programme

In order to establish any ambiguity or avoid any problems that might arise with application of the programme, interviews were conducted to obtain expert opinion. The interviews were conducted, each with a different aim in mind to ascertain whether intended programme is viable, the content practical and to make

any changes suggested by interviewees.

4.4.1.1 Interviews

Interviews were conducted in this research because interviews are vocal questionnaires in essence, but other than the questionnaire, the interview involves direct interaction between individuals, and this interaction has definite advantages. Nonverbal as well as verbal behaviour can be noted when facing the respondent and researcher uses this opportunity to motivate respondent. Interviews also result in higher response rates than questionnaires, although when only factual information is required, a questionnaire could suffice as instrument (McMillan and Schumacher 1993:250).

Questioning served the purpose of this study excellently because it is a process used to invoke responses from respondents. This process consists of a one-to-one exchange, permitting the interviewer to ask questions and if necessary, follow up relevant answers to obtain clearer responses, which method yielded useful information for the planning of the programme (Charles 1995:106).

Use was made of direct verbal interaction between the interviewer or researcher and the subject during an interview. The interviews included both structured and unstructured questions. All responses were coded, tabulated and summarized numerically (McMillan and Schumacher 1993:42).

Use was also made of personal interviews in the form of extended conversations to obtain information from experts about the feasibility of the programme as introductory course, followed by a formal teaching course.

Interviewees were encouraged to speak freely and were encouraged to ask questions about uncertainties. Each interview was conducted in four phases, consisting of an outline of the project, general questions, compilation of a list of important issues and a feedback session.

The process was initiated with two interviews, each with a different aim in mind.

4.4.1.1.1 First Interview

The first interview was intended to obtain expert opinion before commencement of any formal strategy to develop the envisaged programme.

The person interviewed, a Professor in Accounting. Credibility is established by his academic achievements which include:

- * three years practical experience as an Accounting Officer;
- * six years Senior Lecturer at the University of Kerala, also Examiner in accounting for three years;
- * three years Senior Lecturer at the University of Daresalam, Tanzania;

- * examiner of accounting at the Canadian Institute of Management Studies;
- * two years Senior Lecturer in accounting at the University of Botswana;
- * ten years Professor, head of school accounting and management studies and Head of the Department of Educational research at the University of Botswana;
- * four years Dean of the faculty of Social Sciences at the University of Botswana as well as external examiner for the Botswana Institute of Commerce;
- * received Commonwealth University Scholarship to visit universities in U.K., Canada and U.S.A.; and
- * eight years Head of Department of accounting at the University of North West.

The purpose of the interview was to obtain background information re the stance of commercial subjects in the school context.

Each of the three commercial subjects, business economics, economics and accounting, previously offered in schools, were discussed. The discussion revealed:

- * the subject business economics contains too much repetition and regurgitation of facts, which had already been proven in prior research (see 1.7). Each consequent year is a repetition in more advanced form of the previous year's work;

- * the subject content of economics contains too many concepts which are difficult for the grade ten learner to grasp. This was also reflected by teachers in the third interview (see 4.4.1.1.3); and
- * the reason for pupils not taking the subject accounting, is that pupils are of the opinion that this subject involves maths, an inclination also reflected in graph form in prior research (see 1.7.1).

His personal opinion about the dilemma encountered in the field of commercial subjects, was that teachers did not have in depth understanding of the subjects they teach, because they have no experience in the business field, making them unable to present the subjects in an acceptable form. This opinion is shared by Bisschoff and Paxton (in Smith 1995:6) (see 1.7.1).

He ventured a possible solution to this predicament, by suggesting that, if the teaching process of commercial subjects could be built up logically, integrating personal experience of the learner, such issues as production and personal budgeting, a more natural concept of commercial subjects could be formed and visualized. This was also established through prior research (see 1.7).

Researcher then outlined the important aspects of present study and the interviewee asked relevant questions to obtain general information as to the contents and aims of the envisaged

programme to introduce business acumen to grade eight learners.

A list of the most important issues was compiled:

- * intended learning programme should address the need of introducing a humane aspect in the field of economic and management sciences;
- * difficult concepts, such as production and remuneration should be presented in more acceptable form more easily grasped by learners;
- * it would be easier for a teacher without practical experience in the world of business to present intended programme to learners;
- * the principal aim of proposed programme should be to present concepts in a personal and logical context which could bring the subject content closer to the personal life-world of learners; and
- * the term **business acumen** was found the most suitable theme for present study, localising intentions upon business endeavours and not using the term **economic literacy** which directs attention directly to economics and would restrict research.

The next step was to determine the content requirements of

planned programme.

4.4.1.1.2 Second Interview

This interview was aimed at obtaining information re particulars that would essentially have to be present in the planned programme to introduce business acumen.

A lecturer at an Adult Education Centre was interviewed to do a pilot run in order to establish applicability of the concept programme. She is responsible for junior business economics at the President Steyn No. 2 Shaft Nightschool in the Welkom, Goldfields area of the Free State. She also declared herself willing to postpone initiating the prescribed formal course and expose students to the concept programme before formal teaching began.

After researcher outlined the aims of the project, the field worker asked questions involving the general contextual part of the programme to gain a clearer picture of its intent.

A list of the most important delimiting issues that were encountered in teaching experience of business economics, was compiled, containing the following:

- * the language had to be kept as simple as possible;
- * contextual content at the onset of each lesson had to be as

short and compact as possible;

- * concepts had to be emphasized and explained, because this was the part where most problems presented themselves in formal tuition;
- * ample illustrations were necessary to explain the contextual part of such a lesson;
- * the questions asked after lessons were presented, should serve as an encouragement to students to re-read the caption posed at the beginning of each lesson; and
- * the questions after each exercise session should be concentrated on learning outcomes.

It was decided that the concept programme should strictly adhere to above prerequisites.

Researcher had to ascertain whether any demand for an integrated approach in the field of economic and management sciences in schools existed.

4.4.1.1.3 Third Interview

The interviewees were seven teachers at a Commercial High School with teaching experience varying between ten and twenty-three years in economics, business economics and accounting. This

option was chosen to obtain opinions from experienced teachers.

The purpose of this interview was to establish the need for an integrated business acumen course for Grade eight learners.

The aims of the project was outlined in detail. The interviewees asked relevant questions to obtain general contextual information about the content and intent of the learning programme.

A list of the most important issues was compiled:

- * the subjects incorporated into the compilation of the precursory programme contained elements of the three subjects, accounting, business economics and economics;
- * the duration of the programme is twenty, one hour lessons;
- * if such an educational programme could be included in the present educational curriculum, it could only be used as an introductory course for the grade eights, followed by three advanced courses of teaching in grades nine to twelve; and
- * important aspects would obviously be repeated in the final stages of commercial education.

The feedback phase revealed the following:

- * no recent changes have been brought about in the content of

commercial subjects;

- * it is a laborious task to teach the complex commercial terminology to learners in grade eight;
- * subject matter of accounting is not actually understood by eighth graders and had to be repeated in grade nine;
- * an integrated approach introduced in grade eight, would result in learners making more responsible decisions concerning commercial subjects from grade nine onwards;
- * if the learner was given a proper introduction to commercial subjects, the formal courses could be dealt with in a shorter period of time;
- * an integrated approach would be more in line with the learning area of Economic and Management Sciences as contained in Curriculum 2005; and
- * learners leaving school after having completed grade eight and having a basic knowledge of business, would be better equipped for economic existence in life after school.

After obtaining such positive information re the integrated approach to grade eight learners in the field of economic and management sciences, researcher had to obtain verification about this inclination in the new educational dispensation through

another interview.

The fourth interview was aimed at eliciting information about the implementation of the programme within the parameters of Curriculum 2005, with Outcomes Based Education as basis.

4.4.1.1.4 Fourth Interview

Curriculum 2005 envisaging an inspiring new vision of learning, affecting all learners, from pre-school children to adult learners and allowing for lifelong learning, is being constructed by the Government of South Africa (Reis and Johnstone 1997:1).

One of the key principles of the new curriculum designed for South African schools, is integration of knowledge. Curriculum 2005 rejects the previous rigid division between academic and applied knowledge, theory and practice, knowledge and skills of head and hand. Curriculum 2005 identifies eight learning areas as the basis of all education (see 4.4.3.3) (Reis and Johnstone 1997:2-3).

It was considered appropriate to arrange for an interview with two Curriculum Co-ordinators in the Department of Education and Culture, Province of the Eastern Cape, Western Region, because these people were the most accessible at that stage.

In the first phase of the interview, researcher outlined the aims of the project. The co-ordinators maintained that business

acumen as an integrated introduction in the learning area of Economic and Management Sciences, should be implemented before the onset of any formal commercial education (see 4.4.3.3).

The interviewees were encouraged to ask questions with the aim of eliciting general contextual information. On the basis of these questions the following list of the most important issues was then jointly constructed:

- * activities succeeding lessons should include practical application;
- * activities should simulate real life situations;
- * direct links should exist between focuses of attention, meaning that entrepreneurship as example, should be complemented with finances;
- * groupwork should form an integral part of activities;
- * exercises should make provision for the acquisition of lifeskills; and
- * an approach where any educational area operates in isolation should be avoided.

The fourth phase of the interview consisted of a feedback session where the interviewees were asked to comment on the proposed

programme and state their findings. Verbal feedback consisted of the following:

- * an integrated approach, avoiding a mind-set which indicates that subjects function independently, could only complement outcomes-based education;
- * sensitization of learners to direct links between focuses or concepts directly addressed;
- * relevant skills which enables the learner could apply in real life situations have been addressed by the programme; and
- * the realisation of a cardinal integrated approach, as the technique applied in the compilation of the programme, addresses some shortcomings of the present educational system.

Steinberg (1993:34) supports the above comments by stating that courses should reveal reality and furnish all South Africans with relevant information and functional content enabling the presentation and practising of skills but certain questions applicable to educational programmes should be addressed before actual design of any programme can take place.

4.4.2 Pilot testing for efficacy of programme

Four main questions should be asked about educational programmes to test for efficacy. These questions should lead to certain considerations which should be answered clearly through the content of the programme (Steinberg (1993:34)). These questions and logical sub-questions are listed below:

- * In what way is the programme structured?
 - is the teaching material ordered systematically?
 - is the learning point clearly made?
 - is it obvious what learners need to do on each page?
 - does the learning lead somewhere?

- * Is the programme flexible?
 - are there a variety of types of exercises?
 - are there exercises focusing on different skills?

- * Is the programme learner-centred?
 - does learning take place through tasks that learners accomplish?
 - do the exercises promote discovery learning?
 - are there projects that transfer the acquired knowledge into the real world?

- * What skills are needed to complete the task?
 - the skill to evaluate?
 - the skill to know and to interpret what has been

expressed? (Steinberg 1993:34-39).

All four questions were considered in the compilation of the programme on business acumen, ensuring specifically the transfer of knowledge into the real world.

After ascertaining substantive content of intended programme (see 2.4), indicating the exact scope of the programme as well as its linkage with other learning areas, the structure of the programme had to be designed and all instructions formulated.

4.5 PHASE THREE: ACTUAL DESIGNING OF PROGRAMME

Phase three contains the composition of intended programme on business acumen as well as guidelines and technological considerations to be taken into account.

4.5.1 Purpose of programme

The main purpose of a learning programme, according to the President's Council (1993:1) should be to improve the ability of individual citizens to make proper use of the opportunities proffered by a democratised economy in order to increase their income and thereby improving their quality of life.

Simultaneously, the overall efficiency of the economy will be increased through the production of goods and rendering of services.

People who study business can become better-informed consumers, who make more intelligent buying decisions and spend money more judiciously (see 1.3). Such a person could also be a more informed employee, seeking personal satisfaction from a career as well as from the fact that employers are presently looking for people with both technical and communicating skills. Such knowledge can also facilitate the starting of a business for those people preferring to work for themselves (Pride et al 1993:11-12).

The programme thus intends to introduce business related knowledge required by individuals, enabling them to become more productive members of the community and increase their income as well as their standard of living.

4.5.2 Aims and objectives of the programme

The programme, An introduction to Business Acumen, intends to introduce certain concepts related to knowledge of business in a manner which is practical and easy to follow. It concentrates on the rationalisation of Kreitner, et al (1990:5) (see 1.4) of activities performed in the daily routine of any individual. It aspires to provide information about the knowledge required for the following:

- * specialized language spoken by businessmen;
- * an enlightened consumer;
- * informed employees;

- * owners of successful businesses or managers;
- * perceptive investors; and
- * informed citizens (Kreitner et al 1990:5).

This programme should also particularly inform individuals about:

- * the organisation of companies and businesses;
- * appreciation of the motivation of people starting their own businesses;
- * understanding the function of employees, consumers and citizens in economic terms;
- * knowing about the impact government has on commercial and regional life, in order to assess the implications of government policy for private citizens; and
- * develop skills in communicating their own viewpoints on these topics, and express information and ideas through written, oral and other work (see 1.9.2).

More than two-thirds of the population of South Africa are illiterate or possess very limited academic knowledge and this programme could also be utilised for the upliftment of such individuals.

4.5.3 Technical format of programme

There is no wide range of choice provided for the format of any printed educational programme matter. Loose photocopies could be considered, but would not be practical for use by students. Files could provide a better option, but binding the copies into books, accompanied by visual or auditory teaching aids could be considered the best option when teaching materials are compiled (Steinberg 1993:35).

The programme to promote business acumen is presented in A4-format, this larger format making provision for clearer illustrations and providing substantial workspace. When issued to students who participated in the initial testing of the programme, it was bound into books.

4.5.4 Medium of instruction

The programme is written in English, being an international language. Researcher also intends to have this programme translated into Xhosa, Southern Sotho and Afrikaans, in order to reach a larger section of the population and because it would be easier to acquire required skills through a vernacular.

4.5.5 Educational range of programme

This programme is intended for secondary school teaching in grade eight, but will also be accessible to a large range of people in

the following areas of education and training:

- * pupils in secondary schools about to start commercial studies. This programme could act as a bridging programme between primary school and secondary school;
- * individuals with only basic literacy skills, being reading, writing and arithmetic - to broaden their scope of commercial knowledge;
- * individuals who are presently following an Adult Training course and intend to offer the subjects business or business economics or economics or even accountancy. This course can act as introduction to business terms and knowledge; and
- * it can also be considered useful as pre-vocational scheme at further colleges of education which are concerned with the transition to working life.

The envisaged programme could be used extensively, both in formal education for pupils, where it can act as an introductory phase and in adult education, such as the industrial workforce, where it can be considered an independent course to be mastered in its own entirety. It can be used for the upliftment of agricultural labourers and domestic workers as well as for the unemployed, it should be seen as improvement of the quality of life for all citizens. In this case the course could be extended with

additional material, such as extracts from other courses or worksheets compiled by the teacher.

Suggestions concerning the educational content should firstly be considered in detail.

4.5.6 Structure of programme

The programme (see appendix 4.1) comprises twenty lessons, and is divided into five sections. Each lesson is introduced with the statement of learning area and specific outcomes, which the learner should be able to accomplish after completion of such a lesson.

Each lesson should take up one to three or even four periods of either thirty to forty-five minutes, depending on the time needed to complete the exercises. At the end of each part, an exercise is included, which is intended to function as evaluation of subsequent learner cognizance.

The first lessons are of elementary nature, gradually becoming more advanced. The content of each lesson consists of a few explanatory paragraphs in simple language. An illustration or set of diagrams relevant to the content explained, serves to supplement the explanation. This also acts as an incentive for the exercise which follows.

Space is provided for the learner to answer all questions in the work book and answers to questions materialise in explanatory paragraphs or illustrations.

4.5.7 Method of imparting content

The teacher will guide learners to do the first few exercises, whereafter the learners will be able to follow the instructions and answer the questions on their own.

The last part of the programme mainly consists of revision of concepts to ensure successful reinforcement.

4.5.8 Evaluation of learners

Each lesson concludes with a section consisting of circumstances relating to each individual learner. It is important that such information be shared with the entire class to broaden existing knowledge.

4.5.9 Presentation of knowledge

New knowledge is presented in the form of explanations, with all business concepts printed in bold. Illustrations serve as reinforcement of said concepts. Exercises pose questions directly related to the learning content as well as questions which test application of principles in everyday life.

Detailed explanation of the content of each lesson, as well as economic concepts conveyed by each lesson follows.

4.5.9.1 Lessons rationalised

The content and commercial concepts of each lesson needs explaining:

PART ONE - LABOUR

LESSON 1 - WHAT IS WORK?

This lesson acts as introduction, indicating that man, since ancient times, had to work for survival. Work in the past and present is conceptualized. The term unskilled work is explained and division of labour as work specialisation is indicated to lead to skilled labour. It also explains that tradesmen could be either semi-skilled or skilled workers.

LESSON 2 - WHY DO PEOPLE WORK?

The reason for working and the fact that labour changes raw materials into finished products receives attention. The different forms of labour and the difference between an employed and an unemployed person is examined. The concept personal services and the entrepreneur rendering a service, is also introduced.

LESSON 3 - THE REWARD FOR LABOUR

The reward for labour, which means that the effort of body and mind is rewarded, is introduced. The reward in the form of money and weekly and monthly payments, which are wages and salaries, are explained.

It is also explained that certain people work for other people and earn an income. The fact that the entrepreneur works for himself and earns a profit, others render services and their reward, also called a profit, is looked into.

Money as a means of payment as well as different types of money is explained and the economic concept of money is explained.

LESSON 4 - DIFFERENT TYPES OF WORK

The required characteristics a person should possess to do different types of work are explained, as well as the names of different types of work indicated by workplace. Individual personal characteristics necessary for the right career choice are also highlighted.

Part one concentrates on labour, its reward and the different kinds of labour. Each section is concluded with an evaluation lesson.

EVALUATION 1

Evaluation should take place after completion of this section, either in the form of a written test or the completion of a work sheet. A formal evaluation lesson is included.

PART TWO - PRODUCTION

LESSON 5 - DAILY NEEDS OF PEOPLE

This lesson comprises consumer education, differentiating between the different types of goods and their characteristics. It also illustrates demand, indicates that demand for goods can change from time to time and explains standard of living.

The fact that goods have to be manufactured before it can be consumed and consumer choice is contemplated upon.

The economic terms pertaining to the different types of goods, namely, non-durable, semi-durable and durable goods are explained.

LESSON 6 - WHERE DO GOODS COME FROM?

Economic concepts such as natural resources (raw materials), production and the different factors of production, which are, land, labour and capital are introduced.

This lesson also concentrates upon the person responsible for combining these three factors of production, namely the entrepreneur, this being the last factor of production. The reward for said task - profit - is also explained.

LESSON 7 - WHO PRODUCES GOODS?

Making or manufacturing is explained as being production. It is resolved that goods are produced by people other than ourselves and that production also changes raw materials into finished goods. Services are also referred to as a form of production. Work specialization, as a specific form of production is also looked into.

The economic concepts, such as production, manufacturing, finished or final goods, types of services, such as transport and work specialization are introduced.

This section concentrates upon production, what people need, where the goods come from and who produces the finished articles.

Assessment of learner cognizance is recommended at this stage, either through the exercise provided or by a worksheet compiled by the teacher.

EVALUATION 2

A formal evaluation lesson is included.

PART THREE - PUBLIC LIABILITY

LESSON 8 - GOVERNING AUTHORITIES

Citizenship and governing of a country is highlighted. The three levels of government are explained and examples of services rendered to the public by each governmental tier are provided.

The nine governing regions into which South Africa is divided is explained and the services of regional and central government to the public highlighted. It is also explained why every individual should contribute towards the income of the government.

LESSON 9 - DUTIES TOWARDS COUNTRY

The government as a service undertaking is introduced. Taxation as obligatory payment is accentuated. The different forms of taxation; income tax, P.A.Y.E., municipal tax and VAT is explained in detail. The tax year and payment to the Receiver of Revenue receives attention.

These two lessons concentrate on governing authorities and compulsory payments of citizens and a evaluation lesson follows.

EVALUATION 3

A lesson is compiled, intended as evaluation of learner cognizance.

PART FOUR - FINANCES

LESSON 10 - MONEY AND ITS USES

Objects used as money years ago as well as money in modern times are illustrated. The origin of money, the central bank, the use of cheque and savings accounts are explained and advantages of the use of money are highlighted. It is also illustrated how to conduct a cheque account and make out a cheque.

Savings are encouraged and the reward for savings accentuated. Loans and hire-purchase are also discussed.

The economic concepts, medium of exchange, the value of goods and money as a store of value are introduced. Commercial banks and cheque or current accounts are explained. The terms, depositing of money, savings and the subsequent reward, called interest, are highlighted.

LESSON 11 - PLANNING FOR THE SPENDING OF MONEY

Managing of finances is accentuated here, explaining how to plan expenses to match income. Careful planning spread over the whole

month is explained, as well as essential expenses highlighted. Expenses occurring only once in a lifetime are looked into and examples provided.

The compilation of a family budget is explained and an example provided. Subtractions from salaries are covered extensively and the factors to be considered when budgeting, explained.

The economic concepts finances, budget, expenditure and income are introduced. The deductions to the salary are listed as; taxes, medical aid and pension fund.

LESSON 12 - THE CIRCULAR FLOW OF INCOME

In this lesson it is explained that a person could be a buyer and a seller simultaneously and each receives a reward.

The channels of production are explained thoroughly and the flow of money demonstrated by a flow diagram.

The economic concepts of buyer, seller, production and services are highlighted.

LESSON 13 - FINANCIAL INSTITUTIONS

Banks, as safe-keeping of money is explained, transfer of money and loans are looked into. Building societies as suppliers of housing loans are explained with examples. Insurance companies

and insurance against risks are explained, as well as certain types of insurance. Students are also expected to differentiate between the financial institutions as well as identify certain institutions.

The economic terms interest and transfer between accounts, life insurance policy and short-term insurance are added to the previous knowledge of students.

LESSON 14 - AUTOMATIC TELLER MACHINES AND CREDIT CARDS

This lesson explains that employment is essential in order to possess an account at a bank. The procedure and method to be followed when using both automatic teller machines and credit cards, are explained in as much detail as possible. The term, fixed limit on a bank account, is also introduced.

LESSON 15 - BUYING ON CREDIT OR ON ACCOUNT

It is explained that you may buy on credit or on account without paying the full amount immediately. The hire-purchase system is explained fully and an illustration of such a transaction supplied. It is also explained why and how the final amount paid does not equal the initial price charged for the article. The disadvantages of credit purchases are also stressed.

The economic terms instalments, deposit, interest and finance charges are introduced.

Part four centred around money, its origin, how to plan for its spending and institutions focusing on money and the different ways in which money can be applied. A thorough evaluation is recommended after this section.

EVALUATION 4

A formal evaluation lesson is included at this stage.

PART FIVE - ENTERPRISES

LESSON 16 - FORMS OF ENTERPRISE

The four different types of business enterprise; the sole trader, partnership, public and private ownership and close corporation is explained. The stipulations regarding the name of the business is supplied, the controlling body of each highlighted and the membership of the controlling body explained.

Examples are provided of different types of businesses and learners are expected to differentiate between said types of business.

The economic terms supplied by this lesson are the following; sole trader or one-man business, controlled by the owner. Partnership, public and private company which sells shares to the public and owners of such shares called shareholders. The words Proprietary Limited are emphasised, directors as management and

dividends as part of the profit introduced. The close corporation as form of enterprise is also explained.

LESSON 17 - THE CHAIN OF DISTRIBUTION

Examples as well as illustrations of each form of business, from the producer to the consumer follow one upon the another, indicating the chain of distribution.

The chain of distribution of paper made from wood is explained and illustrated fully.

The economic term for a shopkeeper is provided, and the trader selling in small quantities is said to be a retailer. A wholesaler sells goods in larger quantities and a manufacturer, also the owner of a factory, produces the goods. The last link of the chain is the consumer.

LESSON 18 - HOW A BUSINESS IS ESTABLISHED

This lesson concentrates on necessary knowledge before starting a business. Capital is needed to start a business, but the location of the business, the presence of competitors and the type of building is explained.

A cheque account from which equipment and stock should be bought and the selling price of goods, calculated with the cost price held in mind, receives attention.

The economic terms; capital, location of business, presence of competitors, capital needed, a cheque or current account, equipment, the cost and selling price of an article, is introduced.

LESSON 19 - RECORDING OF BUSINESS ACTIVITIES

It is resolved that the main activity of a business undertaking is to make a profit and such calculations are made once a year, called the accounting or financial period. Such particulars are recorded in specific books from source documents. Examples of all documents are provided.

Examples of books used for the recording of cash received and paid out, as well as accounts made for total sales and total credit purchases are supplied. Thereafter the cash and credit accounts are grouped together to calculate final amounts.

An exercise consisting of accounting information is supplied and instructions given for different calculations to be done by the student. A blank sheet is provided for such calculations.

The economic terms for the following were introduced to the student: profit, accounting or financial period, sales, purchases and transactions. Source documents, such as an invoice, a receipt, and a cheque counterfoil are illustrated.

LESSON 20 - INCOME STATEMENT AND BALANCE SHEET

It is explained that, after twelve sets of books for the financial year were completed, the final set of books should be compiled. An example of an income statement is given from which the excess of income over expenses are calculated.

The balance sheet is used to calculate the financial position of a business and all assets and liabilities are fully explained. The lesson ends with an explanation that assets should always equal liabilities.

An exercise is provided to compile a Balance sheet from given information.

The following economic terms are introduced; income statement which supplies the net income, the financial position of the business calculated by the Balance Sheet as well as the terms assets and liabilities.

The last four lessons concentrate on the much needed business knowledge for an entrepreneur and focuses on special skills needed to run a business.

EVALUATION 5

A formal evaluation lesson is included.

The programme is concluded with an exercise intended for revision, which requests the meanings of concepts dealt with in the entire programme.

These twenty lessons form the complete programme.

4.6 CONCLUSION

Information obtained through a study of literature on the concept business acumen and related concepts served as basis to compile the introductory learning programme on business acumen (see chapter 2). These opinions correlated with research findings obtained through the use of a questionnaire (see 3.5.3).

Supported by above mentioned particulars, chapter four comprises the compilation of a programme of tuition, intended to introduce basic business and economic concepts. The purpose of the programme is explained and the objectives thereof highlighted.

The method of instruction and reasons for the specific design is explained and each question rationalised.

The purpose of the programme is explained as well as the aims and objectives thereof. The structure of the programme, the way in which the programme should be evaluated and the presentation of knowledge is indicated.

The complete programme which comprises twenty lessons, were each rationalised. The information conveyed by each lesson was explained as well as important concepts encountered in each lesson.

Chapter five involves pre-testing and applicatory possibilities of the programme, consisting of collection of quantitative data through questionnaires and data analysis.

CHAPTER FIVE

PRE-TESTING AND APPLICATORY POSSIBILITIES OF PROPOSED LEARNING PROGRAMME

5.1 INTRODUCTION

Chapter four concentrated on the processes and procedures followed for the compilation and the actual designing of the introductory programme on business acumen. Lesson content was accounted for.

Chapter five is devoted to collection of quantitative data through questionnaires completed to determine application, possibilities, validity and reliability of the proposed introductory programme on business acumen.

The rationale for the selection of mentioned method of research is explained and the outcome of said inquiry receives attention.

5.2 RESEARCH METHOD IMPLEMENTED DURING DATA COLLECTION

The tentative version of the programme on business acumen was subjected to a quantitative pretest to establish application possibilities.

Quantitative research measures the reaction of many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data, which gives a broad, generalisable set of findings (Patton 1990:14).

Present research concerns itself with measuring the reaction of learners to a limited set of questions in the pre-test before the implementation of the introductory business acumen learning programme and with measuring their reaction to the posttest after implementation of the programme. The quantitative research method will thus facilitate comparison of data to supply generalisable findings.

5.2.1 The Quantitative Research Method

The ultimate aim of this research is to formulate a programme of tuition which could enhance an understanding of commercial principles and activities pertaining to the concept business acumen.

The quantitative research method is applied in the form of tests conducted on two groups (afterwards referred to as group one and group two) to validate the programme of tuition of proposed design. These tests are usually performed to examine effectiveness of new instructional methods or curricula (Borg, et al 1993:194).

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This research intends to implicitly test whether the teaching of business acumen, also referred to as **treatment** (teaching method X), will enhance understanding of commercial principles and activities (student learning Y).

A pre-test was conducted before the programme started and a posttest (the measure of the dependent variable) was then administered to the same subjects at the end of the programme. The collected data was analyzed to compare the pre-test-posttest achievement (Borg, et al 1993:300). The intention of data analysis will then be to evaluate the pre-test-posttest gains, if any.

5.3 CHARACTERISTICS OF A RESEARCH INSTRUMENT

The characteristics of a research instrument, validity and reliability has been extensively dealt with (see 3.4).

5.3.1 Validity

The purpose of present quantitative research is to ascertain whether exposure to the proposed programme resulted in an improvement of business related knowledge and skills.

The constitution of the questions included in the questionnaires discourages ambiguity and by posing similar questions in both the pre-test as well as the posttest, patterns should develop that can be compared, thus ensuring the validity of the data.

To test for validity, two independent groups were studied, they were:

- * students of the Night School of the President Steyn Mine who enrolled for the course of business economics. Business economics forms part of economic and management sciences learning area. These students were exposed to a pilot run of the intended programme in order to make final adjustments to the proposed programme; and
- * grade eight learners as target group, from Nanabolela Secondary School in the greater Welkom area of the Goldfields, Free State who attended the afternoon classes (see appendix 5.3) and have never been exposed to any subject incorporated in the learning area of economic and management sciences.

The concept reliability is connected to the concept of validity.

5.3.2 Reliability

The primary aim of developing reliable assessment measures, is to minimize whatever influence chance or other unrelated variables have on the intent of such measure. The purpose of implementing a pre-test is to verify pre-knowledge and compare such knowledge with posttest results. This kind of testing is usually encountered in a field where achievement is measured over a short period of time (McMillan and Schumacher 1993:168-175).

Present research study utilizes a pre-test which is intended to test the knowledge of students with regard to the contents and concepts which will be encountered in the programme of tuition. In this programme it is referred to as **treatment**.

The questionnaire used during the pre- and posttest is firstly supposed to ascertain the level of business related knowledge before treatment. After the treatment, it sets about to measure what knowledge the students gained after participating in the programme on business acumen.

Validity has been verified in this research study through the fact that another measure of the same variable was applied, by administering the same test before and after the experiment. Reliability has been verified by the fact that the same questionnaire has been administered in the pre- as well as in the posttest.

5.4 POPULATION AND SAMPLE SELECTION

The most frequently used method in educational studies, is non-probability sampling. This type of sampling comprises the use of whatever subjects are available (McMillan and Schumacher 1993:160, see 3.5).

Use was made of non-probability sampling, making use of available subjects, which were the group of students of the Night School at the President Steyn Mine in Welkom, which is called group one,

for the pilot run testing programme.

Group two, the target group of the testing programme comprises grade eight learners of Nanabolela Secondary School who volunteered to participate in this project and attended the afternoon classes (see appendix 5.4).

The statistical sampling technique used for group two called sample of convenience, is referred to by Kerlinger (1973:129) as **accidental sampling** because use was made of volunteers participating in the programme out of their own free will.

The population of this research comprises two independent groups:

- * group one, being an adult group as pilot run which consists of fifty-one students; and
- * group two, the target group, consisting of twenty-four full-time grade eight scholars.

Both groups were tested as independent groups to determine pre-knowledge of business acumen, before the course of tuition and tested afterwards again to determine whether gain in knowledge was experienced.

5.4.1 Pretest-posttest design

This design is one of the most recurrently used designs in

education. When using this design, ways have to be found to rule out the threats to internal validity, because almost none of the major threats to validity can be controlled. The strength of this design lies in the planning of the research strategy (Vockell 1983:170-173).

It is a difficult task to eliminate said threats to internal validity, but by scheduling the timing of treatments and observations, many of the extraneous factors can be controlled (Vockell 1983:173). Present research makes extensive use of timing by administering the pre-test before any extraneous factors can influence the transmission of knowledge. The posttest is subsequently administered directly after the testing, to avoid other knowledge than that conveyed through the programme to promote business acumen, to influence students.

Present research also includes observation by the field worker after completion of the initial testing. During implementation of the formal course of business economics, the changes to student knowledge produced through the programme of business acumen was noted and compared with knowledge gain in previous years, showing a marked improvement.

5.5 DATA COLLECTION

Data was accumulated by making use of identical questionnaires as pre- and as posttest (see appendix 5.1). The aim of such questionnaire is to assess what knowledge of business acumen

students revealed before application of the programme and what was recalled after participation in the teaching programme.

5.5.1 Practical considerations re Questionnaire

The questionnaire consists of knowledge associated with business acumen and is compiled in simple terms. All respondents were informed that the questionnaires formed part of a research project and that their identity would not be revealed in any way. They were also informed that this programme would not be evaluated in any way, but would serve as an introduction to the formal course intended for a later date.

Respondents were allowed one formal period of tuition to complete the questionnaire and it was collected at the end of the period.

5.5.2 Questionnaire intended as Pre- and Posttest

(see Appendix 5.1)

This questionnaire comprises four questions, each with different sub-questions. Initially the respondent is requested to keep answers as short as possible to save space. It also reminds the respondent that the aim of the questionnaire is to empower people in the scope of business. Respondents are also informed that their identity is not required, but that their contribution would be advantageous to their country.

The first question uses the fill-in-the-blank format. A complete question is given and a blank space left open for the response. The question consists of nine sub-questions, each involving the understanding of a commerce related concept.

Question 2 is in multiple-choice format, requesting respondents to indicate the correct answer with a tick. The question consists of six sub-questions, each with four response options, centring around labour and the reward for labour.

Question 3 comprises a matching-item test. The word related to commercial concepts appears in the left-hand column. The meaning of the words are found in the right-hand column. The items have to be matched by placing the number related to the word, next to the meaning.

Question 4 contains a TRUE/FALSE section. Statements pertaining to the programme of tuition are posed and the respondents are requested to place a T for true and an F for false next to each statement.

The questionnaire is concluded by thanking the respondents for their contribution.

The first questionnaire was administered at the onset of the course in business economics, before the students had received any introduction as to the content of such subject, ensuring that students had the minimum pre-knowledge of commerce.

Instructions re the administering of the questionnaire were given during an interview.

5.5.3 Instructions to field worker implementing intended programme

The teacher administering the programme had been part of the compilation thereof (see 3.4.1). Contextual information, relating to the administering of the programme was communicated, this consisted of general instructions re the implementation. Another list of the most important issues was then jointly constructed, this list contained the following:

- * a pre-test administered at the onset of the course on business economics, without any introduction explaining the content of such course;
- * the next period commences with a short introduction, which explains the aim of the programme on business acumen;
- * initially, each lesson should commence with an explanation of expected outcomes after the content had been studied;
- * the content of each lesson should be explained in detail with continuous referral to stated outcomes;
- * learners should then be allowed to either form groups or individually complete the exercises which follow;

- * sufficient time should be allowed to fully complete all exercises and activities;
- * the programme ends with an exercise intended as revision. Learners should be allowed to complete this exercise on their own, in order to gauge the impact that said programme had on the knowledge of the learners;
- * without any further study or revision, the posttest should be administered, again explaining that no evaluation of such test was affected; and
- * the formal course in business economics should commence the ensuing lesson and as time progresses, the teacher would submit a written document containing observations and findings (see Appendix 5.2).

5.5.4 Administering the concept programme during pilot run

The concept programme was appropriately administered to the group one students. The pre-test was completed on the first day of the course, followed by four weeks of intensive teaching.

Students participated keenly in the learning programme and the posttest was effected on the last day of the duration of the programme.

The field worker presented a rejoinder after completion of the course on business acumen.

5.5.4 Verbal feedback

Verbal feedback, before the programme was finally presented to full-time learners, proposed the following changes:

- * the programme which originally contained only sixteen lessons, was expanded to contain twenty lessons in order to include important aspects previously omitted;
- * terminology which was misinterpreted or were too difficult to grasp, were altered;
- * exercises after each lesson were added to reflect Outcome Based Education and to stress learning outcomes; and
- * it was decided that certain structural changes, such as dividing the programme into sections with a list of important terminology, general revision and test items, could effect into a formal programme of one year's duration.

Due changes were effected to the concept programme with the assistance of the field worker and the programme was extended by adding exercises to realise certain specific outcomes. As a result, the programme comprises sufficient content for

implementation over a period of a full year.

Procedures prior to making deductions are explained.

5.6 PROCEDURES PRIOR TO DATA ANALYSIS

Collected data was scored, coded and processed.

5.6.1 Coding of data

A code book (see Appendices 5.5 - 5.14) was compiled to prepare questionnaire responses for analysis. All responses were assigned numbers which were machine readable. Results were transferred to summary sheets from where data was tabulated.

5.7 PRESENTATION OF QUANTITATIVE RESULTS

Quantitative data is displayed in two broad categories, namely, descriptive and inferential, where the first category results in numbers, derived from mathematical formulae (McMillan and Schumacher 1993:192).

5.7.1 Descriptive display of pilot run pre- and posttest-questionnaires of group one

Data will be organized in the following way:

5.7.1.1 External context

Coding for this section is done in the following way:

PRE-TEST - the first questionnaire administered before commencement of the learning programme (see appendix 5.1); and

POSTTEST - the questionnaire administered after the learning programme had been completed (see appendix 5.1).

The number of questionnaires completed in the pilot run was fifty-one, which comprised the number of students enrolled for the business economics course (see 5.4). The external coding for this component was labelled PRE01 - PRE51 for respondents to the pre-test and POST01 - POST51 for respondents to the posttest.

5.7.1.2 Internal context

Data was transposed directly from each questionnaire form into tabular form, each question as a separate table, correct responses for question one were represented with number one, incorrect responses with number two and no response with number three.

The choice of four options are numbered from one to four and no response was numbered five, in the case of question two.

For question three, the matching answer question, answers were numbered from one to nine, and no response was numbered zero.

In question four, true answers were allotted number one, false answers assigned number two and no response to answers were numbered three.

Correct answers to all four questions were indicated by placing the applicable number at the bottom of the table.

5.7.2 Tabulating and graphic display of data

The responses to each question and its sub-questions, both for the pre-test and the posttest, are presented in tabular form on the next pages. A short explanation follows each table.

After the tabular presentation, pre-test and posttest responses are arranged into categories of twenty-five percent and the results illustrated graphically.

The first design, Table 5.1 represents **question one**, comprising of nine concepts which had to be explained in an open-ended section.

TABLE 5.1: What do you understand under the following concepts?

NO.	PRE/POST	CORRECT	INCORRECT	NO RESP.
1.1a	Pre- Post	5,4% 27,5%	5,4% 3,9%	89,2% 68,6%
1.1b	Pre- Post	8,1% 62,7%	2,7% 0,0%	89,2% 37,3%
1.2	Pre- Post	16,2% 51,0%	2,7% 13,7%	81,1% 35,3%
1.3	Pre- Post	59,5% 80,4%	5,4% 0,0%	35,1% 19,6%
1.4	Pre- Post	18,9% 45,1%	16,2% 13,7%	64,9% 41,2%
1.5	Pre- Post	32,4% 62,7%	18,9% 7,8%	48,6% 29,4%
1.6	Pre- Post	40,5% 64,7%	32,4% 27,5%	27,0% 7,8%
1.7	Pre- Post	21,6% 37,3%	48,6% 43,1%	29,7% 19,6%
1.8	Pre- Post	62,2% 80,4%	8,1% 2,0%	29,7% 17,6%
1.9	Pre- Post	21,6% 45,1%	8,1% 7,8%	70,3% 47,1%

Table 5.1 indicates that, comparing the pre- and posttest, in all nine cases the correct answers increased, the incorrect answers decreased, as did the no response answers.

Table 5.2 represents **question two**, which is a multiple choice question. Each of the six questions consists of incomplete sentences with four options from which the correct answer should be marked with a tick. Correct responses are printed in bold on the table.

TABLE 5.2: Mark the correct answer with a tick

NO.	PRE- POST	i	ii	iii	iv	NoResp
2.1	Pre- Post	0,0% 0,0%	48,6% 90,2%	0,0% 0,0%	45,9% 9,8%	5,4% 0,0%
2.2	Pre- Post	24,3% 7,8%	67,6% 90,2%	0,0% 0,0%	5,4% 0,0%	2,7% 2,0%
2.3	Pre- Post	75,7% 76,5%	5,4% 7,8%	13,5% 15,7%	2,7% 0,0%	2,7% 0,0%
2.4	Pre- Post	24,3% 17,6%	51,4% 70,6%	10,8% 3,9%	8,1% 5,9%	5,4% 2,0%
2.5	Pre- Post	10,8% 9,8%	2,7% 5,9%	73,0% 74,5%	5,4% 5,9%	8,1% 3,9%
2.6	Pre- Post	5,4% 2,0%	0,0% 2,0%	83,8% 90,2%	5,4% 5,9%	5,4% 5,9%

Table 5.2 indicates that all six questions display a higher percentage responses in the posttest than in the pre-test, indicating an improved comprehension of concepts.

Table 5.3, representing **question three**, is a matching-column question, having nine concepts that have to be matched with the equivalent statement in the corresponding column.

TABLE 5.3: Place the number next to the correct meaning

NO.	CORRECT ANSWER	PRE-TEST POSTTEST	PERCENTAGE
3.1	no. 9	Pre- Post	70,3% 84,3%
3.2	no. 6	Pre- Post	86,5% 94,1%
3.3	no. 7	Pre- Post	37,8% 70,6%
3.4	no. 1	Pre- Post	75,7% 82,4%
3.5	no. 8	Pre- Post	37,8% 76,5%
3.6	no. 4	Pre- Post	48,6% 90,2%
3.7	no. 3	Pre- Post	45,9% 60,8%
3.8	no. 5	Pre- Post	40,5% 72,5%
3.9	no. 2	Pre- Post	75,7% 94,1%

Table 5.3 illustrates a percentage increase concerning the correct answer in the posttest in all nine cases indicating a consistent acquisition of business acumen.

Table 5.4 illustrates responses to **question four**, which consists of ten sub-questions to which a true or a false response is expected. Correct answers are indicated in bold.

TABLE 5.4: **Decide whether the following statements are true or false**

NO.	PRE-POST	TRUE	FALSE	NO RESPONSE
4.1	Pre-Post	78,4% 82,4%	8,1% 13,7%	13,5% 3,9%
4.2	Pre-Post	64,9% 76,5%	16,2% 19,6%	18,9% 3,9%
4.3	Pre-Post	45,9% 62,7%	37,8% 31,4%	16,2% 5,9%
4.4	Pre-Post	35,1% 31,4%	45,9% 62,7%	18,9% 5,9%
4.5	Pre-Post	29,7% 39,2%	40,5% 51,0%	29,7% 9,8%
4.6	Pre-Post	24,3% 23,5%	43,2% 47,1%	32,4% 29,4%
4.7	Pre-Post	64,9% 76,5%	16,2% 13,7%	18,8% 9,8%
4.8	Pre-Post	59,5% 80,4%	10,8% 7,8%	29,7% 11,8%
4.9	Pre-Post	27,0% 9,8%	51,4% 82,4%	21,6% 7,8%
4.10	Pre-Post	48,6% 64,7%	32,4% 25,5%	18,9% 9,8%

Table 5.4 depicts an increase in the correct responses in all ten cases, as well as a decrease in the no response replies.

After all responses for each individual question was computed, responses were grouped into twenty-five percent categories. The correct scores in both the pretest as well as the posttest are indicated in percentages as follows:

- * correct scores which represented less than twenty-five percent of the total population;
- * correct scores representing less than fifty percent of the total population;
- * correct scores representing less than seventy-five percent of total population;
- * correct scores representing less than one hundred percent of total population; and
- * correct scores representing respondents acquiring one-hundred percent.

These results are presented on the next page in figure 5.1 (a) which indicates the percentage correct scores in the pre-test and figure 5.1 (b) indicating the percentage correct scores in the posttest.

For further clarity and synopsis, results of mentioned categorisation is also illustrated in tabular form.

FIGURE 5.1 (a): Correct scores in the pre-test

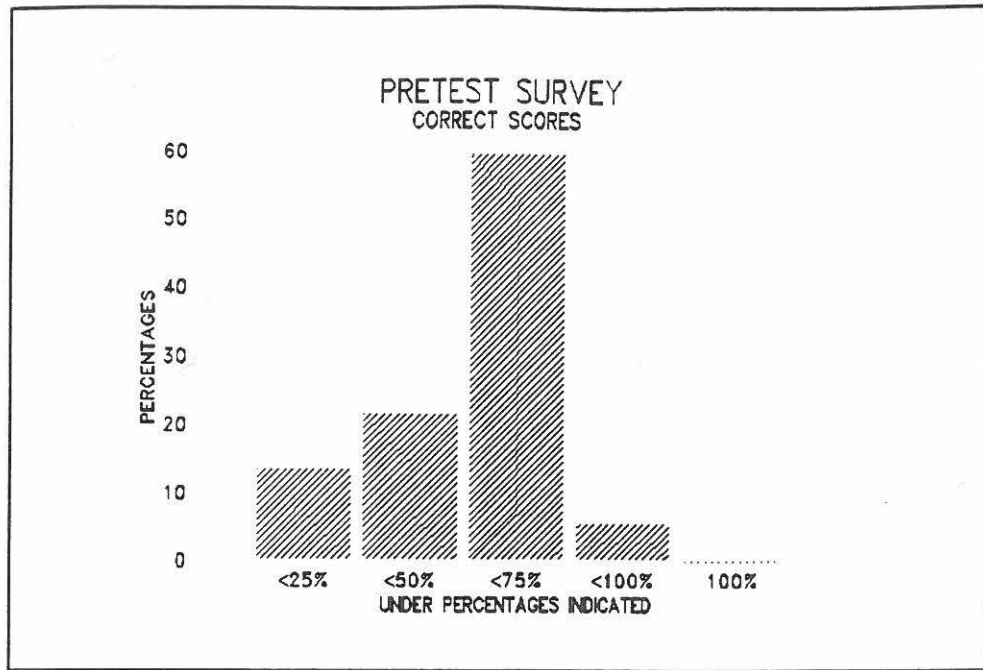
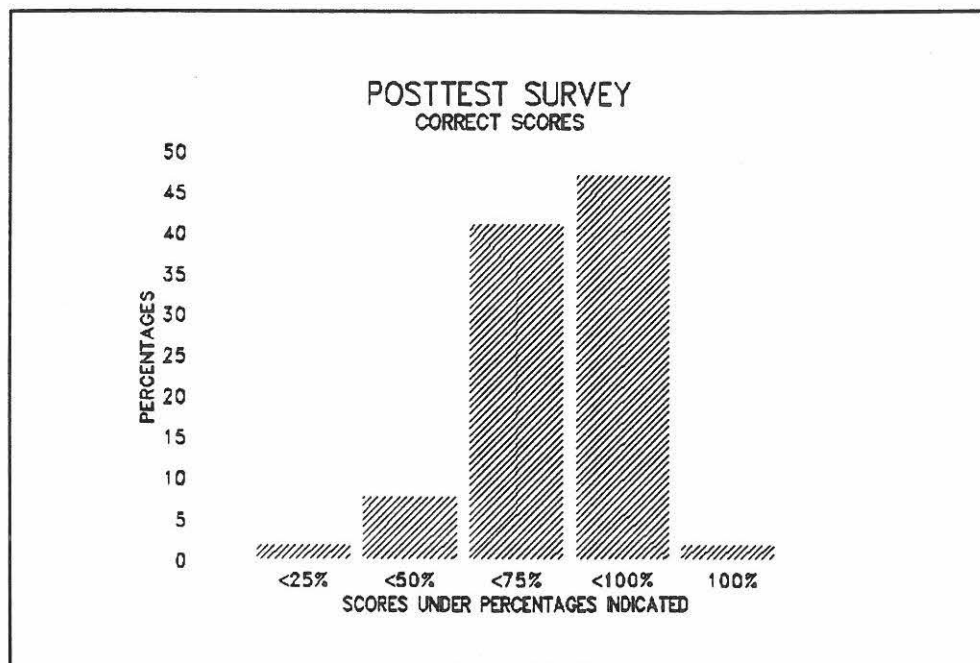


FIGURE 5.1 (b): Correct scores in the posttest



Figures 5.1 (a) and (b) indicate that, in the pre-test, the greater number of correct scores resorted in the categories less than seventy-five percent and in the posttest, it is indicated

that the greater number of correct scores resorted in the categories more than seventy-five percent. These results are illustrated in the next table.

TABLE 5.5: Correct total scores less than percentage indicated

TEST	CORRECT TOTAL SCORES LESS THAN PERCENTAGE INDICATED				
	<25%	<50%	<75%	<100%	100%
PRETEST	13.5%	21.6%	59.5%	5.4%	0.0%
POSTTEST	2.0%	7.8%	41.2%	47.1%	2.0%

Table 5.5 indicated that, in the pre-test, no respondent obtained full marks but in the posttest, two percent of respondents obtained full marks.

Data was organized in such a way that results can easily and correctly be interpreted. Measures of central tendency provide a numerical index of the typical score of a distribution, which are categorized as the mean and the median (McMillan and Schumacher 1993:197-199).

The mean is the arithmetical average of all the scores. The median is that position where a rank-ordered distribution is divided into an equal number of scores. Fifty percent of the scores appear below the median and fifty percent of the scores above it. When the distribution of scores is proportional, the mean and median should be approximately similar (Whitehead and Halil 1989:5).

Table 5.6 a and b indicates the means and medians for all questions of both the pre- and posttest, as well as the total means and medians of both tests. The sample total for both the pre-test and the posttest = 51.

TABLE 5.6 a: Means and Medians of Pre-test

QUESTION	MEAN	MEDIAN
Q. 1	30,93	33,33
Q. 2	62,84	75,00
Q. 3	57,66	55,56
Q. 4	54,95	66,67
Total	51,60	54,86

TABLE 5.6 b: Means and Medians of Posttest

QUESTION	MEAN	MEDIAN
Q. 1	54,90	55,56
Q. 2	85,29	100,00
Q. 3	80,61	88,89
Q. 4	69,06	77,78
Total	72,47	74,31

Table 5.6 a and b indicates that an insignificant difference exists between the means and medians of both tests. This indicates a normal distribution of the scores. It is also indicated that a substantial increase occurs between all scores of the pre-test and the posttest, indicating that the posttest was experienced as easier than the pretest, indicating an increase in knowledge of business acumen.

Measures of variability indicate the distance on the average of the scores from the mean. The standard deviation is a numerical index that displays the average variability of the scores. The smaller the standard error of measurement, the more accurate the test is as a measuring instrument (Whitehead and Halil 1989:4).

Table 5.7 portrays the difference in means and standard deviations of all questions contained in the questionnaires.

TABLE 5.7: Means and Standard deviations of all questions

NO.	CATEGORY	N	MEAN	ST.DEVIATION
Qu. 1	Pre-	51	30,93	23,00
	Post	51	54,90	25,08
Qu. 2	Pre-	51	62,84	29,24
	Post	51	85,29	20,72
Qu. 3	Pre-	51	57,66	27,07
	Post	51	80,61	25,42
Qu. 4	Pre-	51	54,96	30,65
	Post	51	69,06	22,48
Total	Pre-	51	51,60	18,76
	Post	51	72,47	17,10

Table 5.7 indicates that the standard deviation is smaller for the posttest in all questions, as well as for the total score, except in the case of question one, indicating the accuracy of the test as measuring instrument.

Cronbach's Alpha is a measure of overall test reliability and is a statistic presenting a coefficient with a value ranging from zero to one, the higher the coefficient, the greater the

statistical reliability of the test (Whitehead and Halil 1989:4).

Table 5.8 indicates the Cronbach Alpha coefficients for each question as well as for the total scores.

TABLE 5.8: Chronbach Alpha Coefficients

SCORES OF QUESTIONS	CRONBACH ALPHA COEFFICIENTS
Question 1	0.74
Question 2	0.54
Question 3	0.85
Question 4	0.75
Total	0.74

Table 5.8 indicates a Cronbach Alpha of 0.74 as total score, indicating a good internal consistency among items and therefore the test is regarded as a highly reliable measure.

If means and standard deviations are different for each distribution, such as in this research, raw score distributions are converted into standard scores. The z-score is the most basic standard score, with a mean of zero and a standard deviation of one (McMillan and Schumacher 1993:210).

Table 5.9 indicates the z-scores of both the pretest as well as the posttest.

TABLE 5.9: Z-scores of pretest and posttest

QUESTION	PRE/POST	SMALLEST VALUE Z-SCORE	LARGEST VALUE Z-SCORE
1	Pretest	-1.34	2.04
	Posttest	-1.75	1.80
2	Pretest	-2.15	1.27
	Posttest	-4.12	0.71
3	Pretest	-2.13	1.56
	Posttest	-3.17	0.76
4	Pretest	-1.70	1.47
	Posttest	-3.07	1.38
Total	Pretest	-1.97	1.99
	Posttest	-2.98	1.61

Table 5.9 indicates the smallest and largest z-score values of both tests.

The second category to which statistical techniques resort, namely **inferential statistics** are used to make predictions about the similarity of a sample to the population from which the sample is drawn (McMillan and Schumacher 1993:192).

5.7.2.1 Inferential statistics

Inferential statistics is based upon the principles of hypothesis testing. The hypothesis manifests a difference between the population means of the two test results (see 1.6). If this is true, significant difference between the test results exist

(McMillan and Schumacher 1993:339), which indicates that the hypothesis is accepted.

The T-test is the most common statistical procedure for determining the level of significance when two means are compared.

5.7.2.1.1 Comparing means

Two tests to compare the means for determination of the level of significance with which the null-hypothesis may be rejected, are illustrated in tables 5.10 and 5.11.

Table 5.10 presents the Levene test and T-test (pooled) for both tests.

TABLE 5.10: Results of one-tailed T-tests

VARIABLE	LEVENE TEST		T TEST (POOLED)	
	STAT.	P-VALUE	STAT.	P-VALUE
Score 1	0.14	0.7056	-4.58	0.0000
Score 2	8.00	0.0058	-4.22	0.0001
Score 3	0.43	0.5159	-4.07	0.0001
Score 4	8.31	0.0050	-2.49	0.0146
Total	0.88	0.3509	-5.42	0.0000

HOTELLING T SQUARE: 39.8743

P-VALUE: 0.0000

Table 5.10 indicates the global profile statistical P-value of both tests as smaller than 0.02. The one-tailed t-test rejects the null-hypothesis with a confidence level of 99%, indicating that a significant difference exists between results of achievement of students who have been introduced to business acumen and students who have not been introduced to business acumen.

The Levene Test also indicates the following total score, illustrated in table 5.11.

TABLE 5.11: Levene test results

VARIABLE	LEVENE TEST		T TEST (POOLED)	
	STAT.	P-VALUE	STAT.	P-VALUE
Total	0.88	0.3509	-5.42	0.0000

Table 5.11 indicates that the null-hypothesis also can be rejected with a 99% confidence level.

Table 5.10 and 5.11 are statistical procedures, referred to as parametric techniques. This can only be used when it is assumed that the population is normally distributed. When data is not normally distributed, nonparametric procedures are followed. These procedures test hypotheses about relationships between variables and the normality of the distribution. These procedures compare the medians of frequencies (McMillan and Schumacher 1993:360).

5.7.2.1.2 Comparing medians

The Mann-Whitney and Kruskal-Wallis nonparametric tests were made use of in this research, proving to be more conservative tests than the Pearson T-test made use of in 5.5.1.

Table 5.12 indicates the results of the Kruskal-Wallis test, using the chi-square distribution with one degree of freedom.

TABLE 5.12: Kruskal-Wallis test results

VARIABLE	FREQUENCY	RANK SUM	TEST STAT.	P-VALUE
1. Pretest	51	1167.5	16.64	0.0000
Posttest	51	2748.5		
2. Pretest	51	1208.5	15.55	0.0001
Posttest	51	2707.5		
3. Pretest	51	1166.5	17.26	0.0000
Posttest	51	2749.5		
4. Pretest	51	1415.5	3.92	0.0478
Posttest	51	2500.5		
T. Pretest	51	1063.0	24.35	0.0000
Posttest	51	2853.0		

Table 5.12 indicated that the P-value for questions one, two, three and for the total test = <0.01 , indicating a rejection of the null-hypothesis at a 99% confidence level. For question four, the null-hypothesis is rejected at the 95% confidence level, having a P-value <0.05 .

The Mann-Whitney test statistics using normal two-tail approximation, are tabulated in table 5.13.

TABLE 5.13: Mann-Whitney test results

VARIABLE	FREQUENCY	RANK SUM	TEST STAT.	P-VALUE
1. Pretest	51	1167.5		
Posttest	51	2748.5	464.50	0.0000
2. Pretest	51	1208.5		
Posttest	51	2707.5	505.50	0.0001
3. Pretest	51	1166.5		
Posttest	51	2749.5	463.50	0.0000
4. Pretest	51	1415.5		
Posttest	51	2500.5	712.50	0.0478
T. Pretest	51	1063.0		
Posttest	51	2853.0	360.00	0.0000

Table 5.13 also indicated that the P-value for questions one, two, three and for the total test = <0.01 , indicating a rejection of the null-hypothesis at a 99% confidence level. For question four, the null-hypothesis is rejected at the 95% confidence level, having a P-value <0.05 .

These statistics indicate that the null-hypothesis, indicating that there is no difference between students following a course in business acumen and those not following a course in business acumen, is rejected with a 99% confidence level. This indicates that a programme to promote business acumen equips students with knowledge not previously possessed.

After completion of the pilot run, permission was obtained from the principal of Nanabolela Secondary School (see appendix 5.3) to conduct afternoon classes in his school. The revised programme was then administered to the grade eight learners.

5.7.3 Application of revised programme

The revised programme consisting of twenty lessons, was then presented to grade eight learners of Nanabolela Secondary School over a period of six months (see 5.4). Two, one-hour lessons per week was used for the implementation of the programme. The activities at the end of each lesson which required the most time was omitted in order to shorten the course to six months, although learners were given the opportunity to do omitted exercises in their own time should they be interested.

The pre-test was administered at the onset of the course and was followed by the course of formal tuition and concluded with the posttest.

5.7.4 Descriptive display of data of group two

A different computer programme, SSPS (Statistical Package for Social Sciences), was utilized to analyze data and consequently, data will be arranged in the following way:

5.7.4.1 External context

Coding for this section is done in the following way:

PRE-TEST - being the first questionnaire administered before commencement of the learning programme (see appendix 5.1); and

POSTTEST - the questionnaire administered after the learning programme had been completed (see appendix 5.1).

The number of questionnaires completed in the final testing was twenty-four, which comprised the number of scholars who participated in the testing programme (see 5.4). Coding for this test was labelled PRE01 - PRE24 and POST01 - POST24.

5.7.4.2 Internal context

Data was transposed directly from each questionnaire form into tabular form, each question as a separate table, correct responses was represented with number one, incorrect responses with number two and no response with number three.

5.7.5 Tabulating and graphic display of data

The responses to each question and its sub-questions, are presented in tabular form on the next pages.

Table 5.14 represents **question one**, comprising of nine concepts which had to be explained in an open-ended section.

TABLE 5.14: What do you understand under the following concepts?

NO.	PRE/POST	CORRECT	INCORRECT	NO RESP.
1.1a	Pre- Post	4,2% 37,5%	8,3% 4,2%	87,5% 58,3%
1.1b	Pre- Post	0,0% 58,3%	4,2% 0,0%	95,8% 41,7%
1.2	Pre- Post	8,3% 50,0%	4,2% 8,3%	87,5% 21,7%
1.3	Pre- Post	50,0% 75,0%	8,3% 0,0%	41,7% 25,0%
1.4	Pre- Post	16,7% 45,8%	20,8% 16,7%	62,5% 37,5%
1.5	Pre- Post	20,8% 58,3%	25,0% 12,5%	54,2% 29,2%
1.6	Pre- Post	41,7% 62,5%	29,2% 37,5%	29,2% 0,0%
1.7	Pre- Post	25,0% 37,5%	41,7% 37,5%	33,3% 25,0%
1.8	Pre- Post	50,0% 83,3%	12,5% 0,0%	37,5% 16,7%
1.9	Pre- Post	16,7% 45,8%	8,3% 8,3%	75,0% 45,8%

Table 5.14 indicates that, comparing the pre- and posttest, in all nine cases the correct answers increased, the incorrect answers decreased, as did the no response answers.

Table 5.15 represents **question two**, which is a multiple choice question. Each of the six questions consist of incomplete sentences with four options from which the correct answer should

be marked with a tick.

TABLE 5.15: Mark the correct answer with a tick

NUMBER	PRE/POST	CORRECT ANSWER	INCORRECT ANSWER	NO RESPONSE
2.1	Pre- Post	50,0% 87,5%	41,7% 12,5%	8,3% 0,0%
2.2	Pre- Post	58,3% 79,2%	37,5% 20,8%	4,2% 0,0%
2.3	Pre- Post	79,2% 75,0%	16,7% 25,0%	4,2% 0,0%
2.4	Pre- Post	45,8% 70,8%	45,8% 25,0%	8,3% 4,2%
2.5	Pre- Post	62,5% 79,2%	25,0% 20,8%	12,5% 0,0%
2.6	Pre- Post	83,3% 83,3%	8,3% 16,7%	8,3% 0,0%

Table 5.15 indicates that all six questions display a higher percentage responses in the posttest than in the pre-test, indicating an improved comprehension of concepts.

Table 5.16, representing **question three**, is a matching-column question, having nine concepts that have to be matched with the equivalent statement in the corresponding column.

TABLE 5.16: Place the number next to the correct meaning

NUMBER	PRE/POST	CORRECT ANSWER	INCORRECT ANSWER	NO RESPONSE
3.1	Pre- Post	62,5% 91,7%	25,0% 4,2%	12,5% 4,2%
3.2	Pre- Post	79,2% 95,8%	8,3% 0,0%	12,5% 4,2%
3.3	Pre- Post	29,2% 70,8%	58,3% 16,7%	12,5% 12,5%
3.4	Pre- Post	66,7% 79,2%	20,8% 16,7%	12,5% 4,2%
3.5	Pre- Post	41,7% 70,8%	29,2% 20,8%	29,2% 8,3%
3.6	Pre- Post	50,0% 91,7%	37,5% 4,2%	12,5% 4,2%
3.7	Pre- Post	45,8% 50,0%	37,5% 45,8%	16,7% 4,2%
3.8	Pre- Post	45,8% 62,5%	37,5% 29,2%	16,7% 8,3%
3.9	Pre- Post	70,8% 91,7%	16,7% 4,2%	12,5% 4,2%

Table 5.16 illustrates an increase concerning the correct answer in the posttest in all nine cases indicating a consistent acquirement of business acumen.

Table 5.17 illustrates responses to **question four**, which consists of ten sub-questions to which a true or a false response is expected.

TABLE 5.17: Decide whether the following statements are true or false

NO.	PRE- POST	CORRECT ANSWER	INCORRECT ANSWER	NO RESPONSE
4.1	Pre- Post	75,0% 87,5%	4,2% 4,2%	20,8% 8,3%
4.2	Pre- Post	62,5% 75,0%	12,5% 11,7%	25,0% 8,3%
4.3	Pre- Post	45,8% 58,3%	33,3% 33,3%	20,8% 8,3%
4.4	Pre- Post	50,0% 62,5%	25,0% 29,2%	25,0% 8,3%
4.5	Pre- Post	41,7% 54,2%	29,2% 33,3%	29,2% 12,5%
4.6	Pre- Post	41,7% 50,0%	20,8% 16,7%	37,5% 33,3%
4.7	Pre- Post	62,5% 70,8%	16,7% 12,5%	20,8% 16,7%
4.8	Pre- Post	54,2% 79,4%	12,5% 12,5%	33,3% 8,3%
4.9	Pre- Post	54,2% 87,5%	20,8% 4,2%	25,0% 8,3%
4.10	Pre- Post	33,3% 66,7%	41,7% 20,8%	25,0% 12,5%

Table 5.17 depicts an increase in the correct responses in all ten cases, a decrease in the incorrect responses as well as a decrease in the no response replies.

Figure 5.2 portrays the total correct responses for the pre-test as well as the posttest, indicating a substantial increase in correct responses for the posttest.

Figure 5.2: Total correct scores for pre/posttest

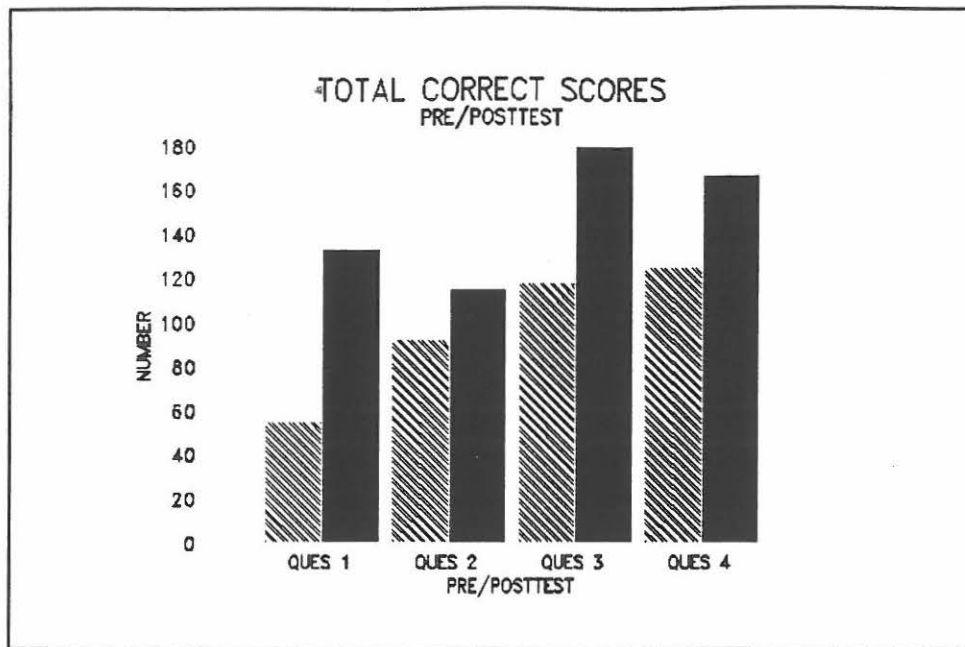


Figure 5.2 indicated that a marked increase in correct responses ensued for all four questions contained in the questionnaire, indicating an increase in business acumen.

After all responses for each individual question was computed, data was organized to indicate measures of central tendency which are categorized as the mean and the median (McMillan and Schumacher 1993:197-199).

Table 5.18 a and b indicates the means and medians for all questions of both the pre- and posttest, as well as the total means and medians of both tests. The sample total for both the pre-test and the posttest = 24.

TABLE 5.18 a: Means and Medians of Pre-test

QUESTION	MEAN	MEDIAN
Q. 1	23,33	20,00
Q. 2	63,19	66,67
Q. 3	54,60	55,56
Q. 4	52,08	60,00
Total	48,30	50,56

TABLE 5.18 b: Means and Medians of Posttest

QUESTION	MEAN	MEDIAN
Q. 1	55,42	55,00
Q. 2	79,17	83,33
Q. 3	78,24	77,78
Q. 4	69,17	75,00
Total	70,50	72,78

Table 5.18 a and b displays minor differences between the means and medians of both tests, indicating a normal distribution of the scores. If scores of the pre-test and the posttest are compared, it should be noticed that all scores of the posttest are higher than the pre-test, indicating that the posttest was completed with ease, which shows an increase in knowledge of business acumen.

The distance of the average of the scores from the mean is named measures of variability, of which the standard deviation displays the average variability of the scores. The more insignificant the standard error of measurement, the more accurate the test is

as a measuring instrument (Whitehead and Halil 1989:4).

The reliability of the test has already been established in Table 5.8.

Table 5.19 illustrates the difference in means and standard deviations of all questions included in the questionnaires.

TABLE 5.19: Means and Standard deviations of all questions

NO.	CATEGORY	N	MEAN	ST.DEVIATION
Qu. 1	Pre-	24	23,33	18,10
	Post	24	55,41	25,87
Qu. 2	Pre-	24	63,19	25,05
	Post	24	79,17	23,70
Qu. 3	Pre-	24	54,63	30,37
	Post	24	78,24	23,96
Qu. 4	Pre-	24	52,08	30,36
	Post	24	69,17	23,02
Total	Pre-	24	48,30	25,97
	Post	24	70,50	24,14

Table 5.19 indicates a smaller standard deviation for the posttest for questions except for question one, as well as for the total score, indicating the accuracy of the test as measuring instrument.

Inferential statistics are employed when predictions about the similarity of a sample to the population are required (McMillan and Schumacher 1993:192).

5.7.6 Inferential statistics

Inferential statistics, supported by the principles of hypothesis testing, reveal a difference between the population means of the two test results (see 1.6). If this is proven, a significant difference between the test results exists (McMillan and Schumacher 1993:339), which indicates that the hypothesis indicating that students who have been exposed to a study programme which promotes business acumen will possess more insight in commercial affairs than those who were not exposed to such a programme, is accepted.

The T-test is the most common statistical procedure for determining the level of significance when two means are compared.

5.7.6.1 Comparing means

Two tests to compare the means for determination of the level of significance with which the null-hypothesis may be rejected, are illustrated in tables 5.20 and 5.21.

Table 5.20 and 5.21 are statistical procedures, referred to as parametric techniques which maintains a normal distribution of the population. These procedures test hypotheses about relationships between variables, the normality of the distribution and compare the medians of frequencies (McMillan and Schumacher 1993:360).

The T-test is the most common statistical procedure for determining the level of significance when two means are compared.

Table 5.20 presents the T-test for paired differences with a confidence level of 95%

TABLE 5.20: Results of T-test for paired differences

VARIABLE	MEAN	ST.DEV.	ST.ERR.	T-VALUE	DEG.FREE
TOTAL	-.6250	.970	.198	-3.16	23

95% CI (-1.034, -.216)

Table 5.20 indicates a P-value for the total test = <0.05 , indicating a rejection of the null-hypothesis at a 95% confidence level.

TABLE 5.21: Results of T-test for paired differences

VARIABLE	MEAN	ST.DEV.	ST.ERR.	T-VALUE	DEG.FREE
TOTAL	-.6250	.970	.198	-3.16	23

99% CI (-1.181, -.069)

Table 5.21 indicates a P-value for the total test = <0.01 , indicating a rejection of the null-hypothesis at a 99% confidence level.

This research finding indicates that a significant difference exists in the results of students who have been introduced to business acumen and students who have not been introduced to business acumen.

5.8 CONCLUSIONS DERIVED FROM QUANTITATIVE STUDY

Quantitative research revealed that in both courses of teaching no respondent obtained full marks in the pre-test which indicates insufficient knowledge of business acumen. Test results also revealed inadequate knowledge especially when the large number of no response answers are taken into account. In the posttest, there were respondents who obtained full marks which serves as an indication that the programme to introduce business acumen could enhance business knowledge.

The null-hypothesis which states that students that have been exposed to a study programme which promotes business acumen will not possess more insight in commercial affairs than those who were exposed to such a programme, was rejected in both tests with a confidence level of 99%. This finding serves as indication that a significant difference exists between the knowledge of students who have been introduced to the business acumen learning programme and students who have not been exposed to the programme (see 5.7.2).

5.9 CONCLUSION

Chapter five comprised collection of quantitative data through the use of questionnaires and a programme on business acumen which had been administered to two groups to ensure validity.

Chapter five also contained analysis of quantitative results of both groups. Results were displayed in tabular and graphic form.

Chapter six revolves around general conclusions and it was conceded that knowledge to cope with commonplace economic aspects is known as economic literacy or business acumen.

Findings contributed by interviewees receives attention as well as findings revealed through literature study. Conclusions derived from both the qualitative as well as the quantitative research is disclosed.

Impediments and limitations of the study is mentioned as well as suggestions for further research.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

Competitive business currently is the norm in most western countries. Every citizen, whether housewives, domestic servants, gardeners or manual labourers, form a part of the economic system (see 1.1).

It is also concluded that the progress of a society depends on the level of education or literacy of its workers as part of the economic system, as well as on its capital, natural resources and technology (see 1.2).

A universal need to raise standards of education for all young people exists and education on how businesses operate, should become compulsory. The conclusion was reached that knowledge to cope with economic aspects of everyday life is termed economic literacy or business acumen (see 1.2).

The following principal questions arose when above mentioned arguments were considered:

- * what does the concept business acumen entail? and

- * can an introductory learning programme be designed to address the lack of business acumen in South African citizens and school leavers?

The following was posed as research questions:

- * what are the components that make up the concept business acumen?
- * will knowledge of business acumen enhance the economic understanding of individual pupils?
- * is the acquisition of business acumen a prerequisite for running a business?
- * what essential concepts should be addressed by any educational programme geared towards promoting business acumen?
- * what school level would be considered most suitable for the introduction of business acumen?

The aims of this research (see 1.5) were concentrated upon, addressing above problems to efface misconceptions, by designing a programme which would:

- * introduce individuals to economic literacy;

- * incorporate all the relevant attributes and subject content of business acumen; and
- * ultimately establish adequate economic insight as a lifeskill at completion of said course of education.

Research tested the following hypotheses (see 1.6):

- * students that have completed a study programme to promote business acumen will possess more insight in commercial affairs than those who were not exposed to such a programme; and
- * students that have completed a study programme to promote business acumen will not possess more insight in commercial affairs than those who were exposed to such a programme.

Above mentioned problems have been addressed in the research programme in the following way:

- * chapter two comprised the rationale for developing the programme on business acumen. The concept business acumen and subsequent content to be included in a business acumen teaching programme was examined to serve as basis for the design of an introductory programme on business acumen;
- * in chapter three data on perceptions about the essence of business acumen was collected through the use of a questionnaire (see 3.5.1) in qualitative research. The

questionnaire (see 3.5.3) was explained in full and data analysis and the findings were discussed.

- * chapters two and three formed the basis on which a programme of education could be compiled in chapter four, which contains the processes and procedures of the design. The purpose of the programme was explained (see 4.5.1) and the objectives thereof highlighted (see 4.5.2). Reasons for the specific design, the method of instruction was explained and each question validated (see 4.5.9);
- * chapter five contains the pre-testing and applicatory possibilities of the tentative version of the programme through quantitative data collection. The questionnaire intended to be used as pretest as well as a posttest was analyzed (see 5.5.2). Data was comprehensively displayed by means of tables, figures and graphs, indicating both pretest as well as posttest results of both groups.

6.2 FINDINGS OF THE STUDY

The following list of findings materialised from interviews:

- * no relevant changes have been brought about to the context of commercial subjects in the last decade;

- * it is virtually impossible for grade eight learners to comprehend the complex terminology contained in commercial subjects (see 4.4.1.1.2);
- * an integrated approach introduced in grade eight would enable learners to make more responsible decisions concerning commercial subjects to take from grade nine onwards (see 4.4.1.1.2);
- * learners having pre-knowledge of commercial subjects spend less time to complete formal commercial courses (see appendix 5.2);
- * an integrated approach would be more in line with the learning area of Economic and Management Sciences proposed for Curriculum 2005 (see 4.4.1.1.4);
- * an integrated approach, avoiding a mind-set which indicates that subjects function independently should complement education (see 4.4.1.1.3); and
- * learners leaving school after having completed grade eight and having a basic knowledge of business, would be better equipped for economic existence in life after school (see 4.4.1.1.3).

The following list of findings was disclosed through literature study:

- * characteristics of business acumen, focusing on business related expertise and know-how which should enhance economic competency and economic skills in individuals;
- * political and economic ideals are basic elements in the advancement of democracy;
- * business acumen and political and economical ideals are related;
- * economic knowledge induces growth and human development;
- * entrepreneurship, small businesses and economic growth are related; and
- * business acumen can be acquired through education.

The following findings are disclosed through qualitative research:

- * insight and intelligence was chosen by respondents as the main attributes of business acumen as well as capitalizing on opportunities and ambition;
- * knowledge of functioning of business and being an enlightened business owner or manager and business expertise would also define the concept business acumen (see 3.9.1.1); and

- * budgeting, the management task, establishing a business and the saving of money were indicated as concepts to be included in envisaged programme of study on business acumen.

Quantitative research disclosed the following:

- * both courses of teaching disclosed that no respondent obtained full marks in the pre-test, indicating insufficient knowledge of business acumen. In the posttest, there were respondents who obtained full marks. This serves as an indication that the programme to introduce business acumen could enhance learners' business knowledge (see 5.7.2); and
- * the null-hypothesis was rejected in both tests with a confidence level of 99%, indicating that a significant difference exists between business knowledge of students who have been exposed to business acumen learning programme and students who have not been exposed to the programme (see 5.7.2).

6.3 RELEVANT FINDINGS

The study revealed that:

- * the curriculum for commercial subjects was outdated and it did not provide for integration of commercial subjects;

- * complex commercial terminology is not successfully conveyed to learners;
- * grade eight learners cannot master commercial subjects because of a lack of pre-knowledge; and
- * exposure to general commercial concepts in an introductory programme could provide learners with necessary pre-knowledge to comprehend commercial subjects.

6.4 LIMITATIONS OF STUDY

Only twenty-four out of one hundred-and-twenty, equalling twenty per cent of qualitative questionnaires, requesting the content of business acumen, were returned by business people. Analysis of data revealed that the implementation of the programme was deemed necessary, but no valuable suggestion was made.

Researcher travelled extensively to attend business meetings and business people were not interested to complete the questionnaires. Afterwards the questionnaires were handed to business owners personally and it was indicated by many of them that they did not have time available to complete the questionnaire.

The programme could not be tested during school hours because formal schooling could not be interrupted for such a long period of time, it was tested after school hours.

6.5 CONCLUSION

The opinions, other than those contained in the literature of various authors used to facilitate this research and those of respondents in interviews, are those of the researcher and not that of any other person.

It was established directly through personal interviews that the programme proposed by this research project could accomplish learner outcomes in the form of business acumen (see 4.4.1.1). This statement was confirmed through both pilot testing and final testing, which indicated that business acumen of learners had improved after exposure to the proposed programme on business acumen. The field worker who implemented the programme also indicated a positive improvement of accomplishment by learners in the adult learning area after following the course in business acumen (see appendix 5.2).

It was established that said programme is considered compatible with the new integrated approach in Curriculum 2005 in the learning area of Economic and Management Sciences (see 1.9.3).

Findings indicate that the programme proposed by present research comply with the suggestions of the President's Council Committee for Economic Affairs on the promotion of Economic Literacy. It also complies with the practice suggested in Curriculum 2005.

6.6 SUGGESTIONS FOR FURTHER RESEARCH

- * Much research is needed in order to supply teaching and learning aids to facilitate implementation of the programme on business acumen.
- * Extensive research along the lines of introduction of economic literacy to learners in grades foregoing grade eight is proposed.

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QUESTIONNAIRE

You are kindly requested to complete this questionnaire as thoroughly as possible in the light of essential research in the field of education.

BUSINESS ACUMEN is assumed to encompass the following in all fields of business activities: (Mark which you would consider appropriate)

discernment insight intelligence
perception sharpness of wit familiarity
well-versed

What would you classify as BUSINESS ACUMEN?

.....

Place a tick against the statement or statements, which, according to your meaning, would justify the notion of BUSINESS ACUMEN

The specialized language spoken by businessmen	
To be an enlightened employee	
To be an enlightened consumer	
Enlightened business owners or managers	
The education of wiser investors	
More informed citizens	
Higher levels of business expertise	
A person who can shoulder the responsibilities of the working world	
How much money to spend on consumption	
Knowledge of functioning of businesses	

Your own interpretation of Business Acumen

.....

What would you prefer to be included in an introductory model of tuition to produce knowledge of BUSINESS ACUMEN?

Mark your preference with a tick

Establishing a business	
Types of businesses	
Basic elements of the management task	
Buying and selling terms	
Placing and receiving an order (procedures and documents)	
Procedure and documents required for sales	
Cash and credit transactions	
Basic concepts of a contract	
Bank accounts (procedures and documents)	
Judicious spending of money (budgeting)	
Saving of money (procedures and documents)	
Stocks and shares	
General duties of citizens towards environment	
Duties of citizens towards the government (taxation)	

Your own contribution

.....

THANKING YOU FOR YOUR CONTRIBUTION

QUESTIONS

TYP 1. Mark which word you would consider appropriate
as description of business acumen

1	
2	
3	
4	
5	
6	
7	

ADD 2. What would you classify as business acumen?

.....

CHAR 3. Which statement justifies the notion of
business acumen?

1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

ADD 4. Your own interpretation of business acumen.

.....

OUT 5. What should be included in an introductory
model of tuition to produce knowledge of
business acumen?

1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	

DIS 5. Your own contribution.

.....

APPENDIX 4.1

(see also 4.5.6)

Appendix 4.1 comprises the learning programme:

AN INTRODUCTION TO BUSINESS ACUMEN: A basic Economic Literacy project

Due to technical difficulties, appendix 4.1 is printed after page 243 to constitute a part on its own.

QUESTIONNAIRE

You are kindly asked to answer the following questions as completely as possible.

- * Do not write long sentences.
- * Keep your answer as short as possible.
- * This question paper forms part of research to empower people in the scope of business.
- * Your name is not required, but your contribution could be to the advantage of our country.

1. What do you **understand** under the following **concepts**? If you do not know the answer, leave the space open.

1.1 What is an **asset**, give an example as well

.....
1.2 What is a **sole proprietorship**?

.....
1.3 What is a **dollar** and a **frank**?

.....
1.4 What is a **local authority**?

.....
1.5 Name two things for which there is a **demand**

.....
1.6 What is a **consumer**?

.....
1.7 What is a **budget** used for?

.....
1.8 What does **P.A.Y.E.** stand for?

.....
1.9 What does an **investor** do?

.....
2. Mark the **correct answer** with a **tick**.

2.1 People who are employed may earn a weekly

- | | |
|-------------|-----------|
| i food | ii wage |
| iii respect | iv salary |

2.2 People who are employed and who are paid once a month, earn a

- | | |
|----------|-----------|
| i wage | ii salary |
| iii food | iv bonus |

2.3 All the people who are living in the home are called the.....

- | | |
|---------------|---------------|
| i family | ii unemployed |
| iii household | iv members |

REPORT AFTER IMPLEMENTATION OF MODEL

INTRODUCTION OF BUSINESS ACUMEN

A Basic Economic Literacy Project

----o0o----

I, the undersigned, introduced abovementioned model to students at President Steyn No. 2 Shaft Nightschool in the Welkom, Goldfields area.

The model on Business Acumen comprises 20 lessons which introduces the learner to business aspects.

This model was implemented as introductory course to a formal course of business economics.

To determine the entrance level of the students a questionnaire was completed by approximately 51 students. The questionnaires provided the option that, if students had no knowledge, the spaces could be left blank. The questionnaires which were returned consisted mainly of blank spaces.

Knowing the level of entry helped with the implementation phase of the course. All students took part in the lessons and had to participate in each level. The course was met with much enthusiasm and students were extremely eager to participate. The language was easy to follow and a positive attitude was maintained through the entire twenty lessons.

After the course was completed, the same questionnaire was completed by the same group of students. The questions were eagerly answered and very few spaces were left blank, indicating excellent perception.

When formal lessons commenced the students grasped the work easier and faster than students of previous years. In the past it had been an enormous task to teach Business Economics, because no-one could understand business concepts and terminology.

I also noticed that students had a holistic idea of what Business Economics entails, making the implementation of the formal subject much easier.

I strongly recommend this introductory course to all teachers and students taking the subject Business Economics.

K. Genade

K. GENADE
LECTURER: EDUCATION



NANABOLELA

SECONDARY SCHOOL
REF. NO.
ENQUIRIES:
PRINCIPAL. MR. A. MARAIS
BA(PHYS.ED) HDE B.ED M.ED

BOX115
WELKOM
9460
TEL (057) 3822330
FAX (057) 3822330

16/1/1998

Dear Ms. Smith

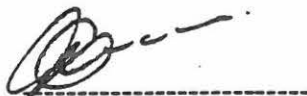
PERMISSION TO CONDUCT RESEARCH IN OUR SCHOOL

Hereby I grant my permission to Ms. W. Smith to conduct a research experiment in my school, making use of grade 8 pupils.

The experiment can only take place in the afternoons, owing to the length of the programme on business acumen, which I consider to be advantageous as commercial knowledge.

I will make as many learners as possible available to attend afternoon classes. Room B24 shall serve as base for this undertaking. The time can be arranged at your first meeting scheduled for 22 January 1998.

Yours faithfully



A. MARAIS
PRINCIPAL



NANABOLELA

SECONDARY SCHOOL
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15/ 7/98

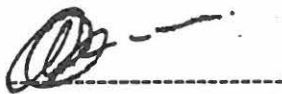
REPORT ON RESEARCH CONDUCTED IN OUR SCHOOL

Ms. W. Smith conducted an experiment on business acumen, lasting 20 weeks at above mentioned school. Classes took place from 15h00 to 16h00 on Mondays and Thursdays. A total of twenty-six learners attended session and the report-back was positive.

One questionnaire was completed before the onset of classes and the last questionnaire was completed on the day before school closed for the June recess.

I want to thank her for her positive contribution towards the education of my pupils.

Yours faithfully



A. MARAIS
PRINCIPAL

QUESTIONS

1. What do you understand under the following concepts?

1.1a What is an asset?

1	
2	
3	

1.1b Give an example of an asset

1	
2	
3	

1.2 What is a sole proprietorship?

1	
2	
3	

1.3 What is a dollar and a frank?

1	
2	
3	

1.4 What is a local authority?

1	
2	
3	

1.5 Name two things for which there is a demand

1	
2	
3	

1.6 What is a consumer?

1	
2	
3	

1.7 What is a budget used for?

1	
2	
3	

1.8 What does P.A.Y.E. stand for?

1	
2	
3	

1.9 What does an investor do?

1	
2	
3	

QUESTIONS

2. Mark the correct answer with a tick.

2.1 People who are employed may earn a weekly

1	
2	
3	
4	

2.2 People who are paid once a month earn

1	
2	
3	
4	

2.3 All people living in the home are called

1	
2	
3	
4	

2.4 Money left over after groceries are bought

1	
2	
3	
4	

2.5 People working for somebody else

1	
2	
3	
4	

2.6 The difference between buying and selling

1	
2	
3	
4	

CORRECT ANSWERS

2.1

2	
---	--

2.2

2	
---	--

2.3

3	
---	--

2.4

2	
---	--

2.5

3	
---	--

2.6

3	
---	--

QUESTIONS

Matching answer questions

1. Salary

1	
2	
3	
4	
5	
6	
7	
8	
9	

2. Pension

1	
2	
3	
4	
5	
6	
7	
8	
9	

3. Interest

1	
2	
3	
4	
5	
6	
7	
8	
9	

4. Production

1	
2	
3	
4	
5	
6	
7	
8	
9	

5. Retailer

1	
2	
3	
4	
5	
6	
7	
8	
9	

QUESTIONS

Matching answer questions continued

6. Building society

1	
2	
3	
4	
5	
6	
7	
8	
9	

7. Profit

1	
2	
3	
4	
5	
6	
7	
8	
9	

8. Wholesaler

1	
2	
3	
4	
5	
6	
7	
8	
9	

9. Income tax

1	
2	
3	
4	
5	
6	
7	
8	
9	

QUESTIONS

Decide whether the statements are TRUE or FALSE

4.1 The word deposit means.....

1
2
3

4.2 Goods are traded at a market

1
2
3

4.3 A hawker displays goods on the pavement..

1
2
3

4.4 A fixed deposit is money saved ..

1
2
3

4.5 Form of business is the sole proprietor

1
2
3

4.6 Insolvent person has lots of money

1
2
3

4.7 Value added tax paid....

1
2
3

4.8 Imports bought from another country

1
2
3

4.9 Money people owe is called savings

1
2
3

4.10 Examples of products consumed

1
2
3

QUESTIONS

1. What do you understand under the following concepts?

1.1a What is an asset?

1	
2	
3	

1.1b Give an example of an asset

1	
2	
3	

1.2 What is a sole proprietorship?

1	
2	
3	

1.3 What is a dollar and a frank?

1	
2	
3	

1.4 What is a local authority?

1	
2	
3	

1.5 Name two things for which there is a demand

1	
2	
3	

1.6 What is a consumer?

1	
2	
3	

1.7 What is a budget used for?

1	
2	
3	

1.8 What does P.A.Y.E. stand for?

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QUESTIONS

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2
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2
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2
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1
2
3
4

2.5 People working for somebody else

1
2
3
4

2.6 The difference between buying and selling

1
2
3
4

CORRECT ANSWERS

2.1

2

--

2.2

2

--

2.3

3

--

2.4

2

--

2.5

3

--

2.6

3

--

QUESTIONS

Matching answer questions

1. Salary

1
2
3
4
5
6
7
8
9

2. Pension

1
2
3
4
5
6
7
8
9

3. Interest

1
2
3
4
5
6
7
8
9

4. Production

1
2
3
4
5
6
7
8
9

5. Retailer

1
2
3
4
5
6
7
8
9

QUESTIONS

Matching answer questions continued

6. Building society

1	
2	
3	
4	
5	
6	
7	
8	
9	

7. Profit

1	
2	
3	
4	
5	
6	
7	
8	
9	

8. Wholesaler

1	
2	
3	
4	
5	
6	
7	
8	
9	

9. Income tax

1	
2	
3	
4	
5	
6	
7	
8	
9	

QUESTIONS

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1
2
3

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2
3

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2
3

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2
3

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1
2
3

4.7 Value added tax paid....

1
2
3

4.8 Imports bought from another country

1
2
3

4.9 Money people owe is called savings

1
2
3

4.10 Examples of products consumed

1
2
3





INTRODUCTION TO

BUSINESS

ACUMEN

A BASIC ECONOMIC LITERACY

PROJECT

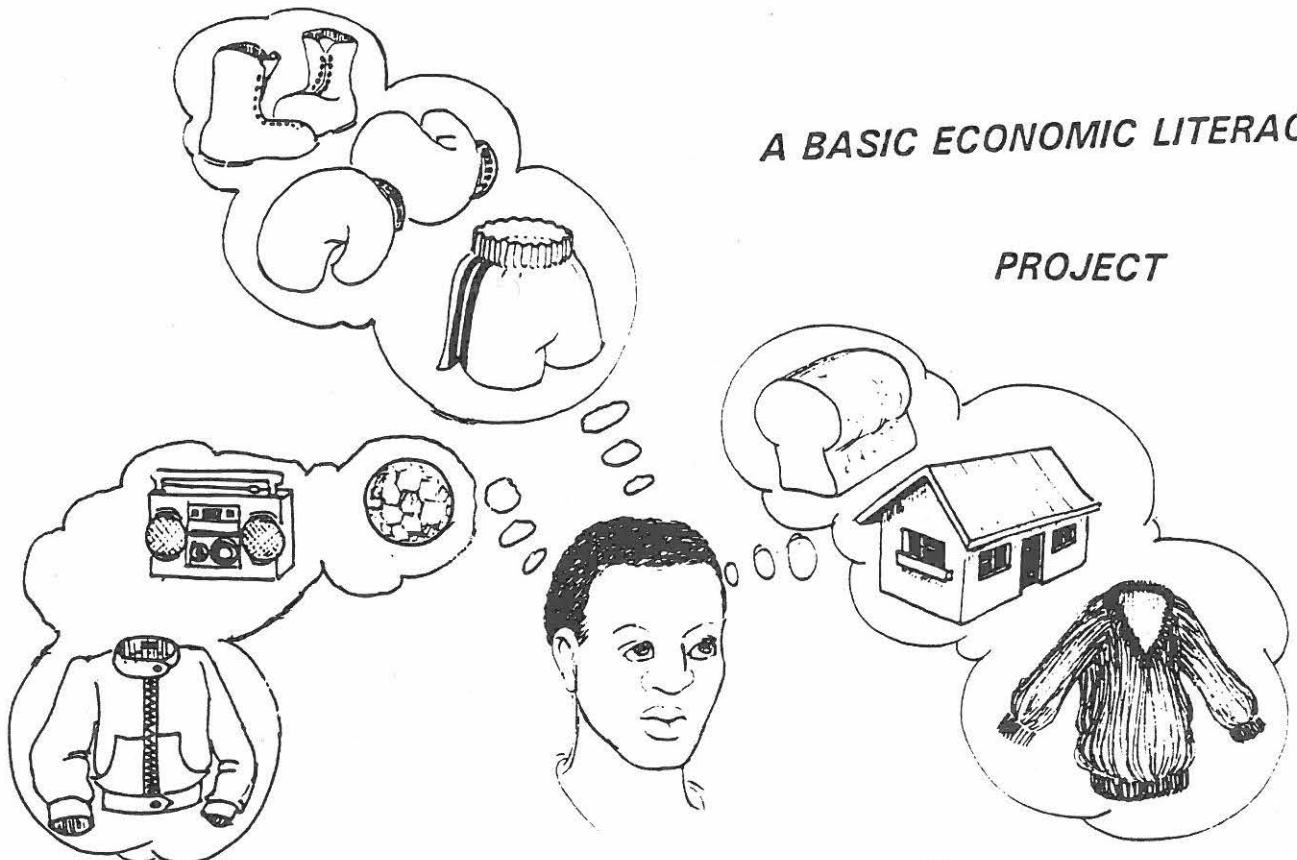


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PREFACE

The learning programme INTRODUCTION TO BUSINESS ACUMEN originated from the idea that business activities are encountered by all people and all institutions on a daily basis and to achieve success in business, is to understand how businesses operate.

INTRODUCTION TO BUSINESS ACUMEN is considered a basic economic literacy project, because the necessity of having an economically literate society is becoming more imperative with the twenty-first century approaching and South Africa undergoing radical transformation.

Centre stage to the transformation process of education in South Africa is the rapidly changing structure to an OUTCOMES-BASED system.

INTRODUCTION TO BUSINESS ACUMEN: A BASIC ECONOMIC LITERACY PROJECT resorts under the learning area of Economic and Management sciences as one of the eight learning areas in OUTCOMES BASED EDUCATION.

INTRODUCTION TO BUSINESS ACUMEN is intended to be used in school context for Grade 8, as integrated approach to consolidate the subjects Accounting, Economics and Business Economics, introducing commercial concepts and providing an introductory framework to be used as platform in daily economic occurrences or for more intensive study.

Author

PART ONE

LABOUR

LESSON 1

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of the world of work.

SPECIFIC OUTCOMES

By the end of this lesson the learner should be able to:

- define the concept work;
- differentiate between work in the past and presently;
- discuss work specialization;
- differentiate between skilled and semi-skilled workers;
- describe and name a tradesman; and
- apply principles to explain economic and related events and to formulate solutions in all relevant situations.

CONTENT

WHAT DOES WORK MEAN?

Right back in history, prehistoric people used stone tools to do all the work required of them. If a person did not **work**, he would not **survive**.

Men made their own utensils and weapons to use for hunting animals, the women would make fires, cook the food and look after the children. Everyone, except very old people had to work very hard in the struggle for survival.

In those days money did not exist and humans had to **produce** everything they needed themselves. They had to fetch and find water, food and make or produce clothing and a shelter for the entire family. Nothing could be bought and paid for.

In the illustration on the next page, a prehistoric family is shown, working to provide food. Note what each person is doing, the one person is making spears with which to hunt animals. The person in the middle is tending the fire and the person on the right is using a stone tool to crush food to a powder. In the background two people are carrying a slaughtered animal which is going to be cooked on the fire.

A prehistoric family, working to provide food.



Not so many years ago the housewife living on a farm had to make her own candles, spin and weave wool for clothes, butcher the meat of the animal her husband had killed, cook food, do the washing and look after her children. This is called **unskilled work**, because the person doing the work has had no training beforehand.

Presently, especially in towns, the housewife does not only work in her own home. She may do work, such as being a secretary, which does not leave her enough time to do all the household chores herself.

This leaves the housewife no other choice, but to hand over a number of her duties to other people. She may send her children to a play-school where other people tend them, she may pay other people to make her clothes, or buy clothes and food for the family in a shop. Each person is doing the kind of work he or she **specializes** in, meaning, which he/she is good at.

An example of **work specialisation** is when a house is being built. One man plans the house, the builder employs many people to help him build the house, for example, bricklayers, carpenters, painters, plumbers and electricians. These people are called **tradesmen** and are known as **skilled workers**, because they specialise in different trades. You also find **semi-skilled workers**, who are the trained assistants of the skilled workers.

The following illustrations are examples of work specialization. Indicate the type of work each person is doing in the space provided. Also indicate whether the person is skilled or unskilled.



B

D



C



TYPE OF WORK

SKILLED OR UNSKILLED WORK

A₁
A₂
B
C
D
E

EXERCISE 1

Answer the following questions in the spaces provided.

1. Very early times in history was called
.....
2. When a person does work he is qualified for, it is
called
3. Give three examples of different tradesmen who help to
build the house in the illustration on the previous page.
.....
4. If a person has mastered a trade, he is said to be a
..... worker.
5. Assistants of tradespersons, are called
..... workers.
6. People who have mastered no trade and are usually working
for themselves, are called workers.
7. Indicate what kind of work your mother is doing and
indicate if it is unskilled, semi-skilled or skilled.
.....
7. Form groups of 4 and think of other kinds of work which
requires specialization. Write down the kind of work
each person does and also indicate if it is a skilled,
semi-skilled or unskilled worker doing the job.
.....
.....
.....
.....
8. Report the findings of each group to the rest of the
class and add examples to your list in the space below.
.....
.....
.....

LESSON 2

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of the need to work for a living.

SPECIFIC OUTCOMES

On completion of this lesson the learner should be able to:

- explain why people should work;
- explain what the term labour means;
- differentiate between forms of labour;
- differentiate between productive and unproductive people;
 - define an entrepreneur;
- name personal services;
- apply principles to explain economic and related events to formulate solutions in all relevant situations; and
- analyze their personal environment and describe their roles as citizens.

CONTENT

WHY DO PEOPLE WORK?

People are always busy. In a family for example, the parents get up early in the morning and go to work. The children help in the house and then go to school, where they study to prepare themselves for life when they will have important work or jobs to do.

The father and mother go to **work** so that they can earn **money** to provide for the family. They care for the family in many ways. Some of the most important things they do is to buy food and clothes and to provide a home.

A working person is also called a **productive** person. Another term for a productive person is an employed person, meaning that person works for an employer. People who do not work are called unemployed or unproductive people.

A lady makes use of her time by sitting in front of a sewing machine to make a dress. Through her **labour** and effort she transforms the material, thread and trimmings into a beautiful dress. This means that **raw materials** (the material) can only be **changed into a worthwhile article** (a dress) - also called a finished article - through making use of **labour** (her time and effort).

No item can be produced without making use of labour. When we labour or work, we not only use our hands, but also our brains. **Labour thus includes the efforts of our bodies as well as those of our minds.** These efforts of body and mind convert or change raw materials into useful articles.

There are **different forms of labour**. Labourers use their **hands** to do **bodily or physical work**, which is also called manual labour. Clerks, attorneys, teachers and doctors use the **ability** of their minds, which is called intellectual labour. All these people provide a **service**. **Goods** can be **produced** only if the **raw materials** are **changed** into **finished articles** by means of **labour**.

Different forms of labour also require different forms of training.

The workers or labourers offer their labour to the entrepreneur or businessman - also called an employer - in order that useful goods may be produced and useful services may be provided. Thus, for any type of labour, **a reward is received** in exchange and this is the reason for working. This **reward** which is paid to the **employees** is in the form of **money**.

Not all people who work and earn an income are employed by others. Sometimes **people work for themselves**. For example, one person may own a shop, another person may have a garage and another person may be a hairdresser. These people are performing a **personal service** and are called **entrepreneurs**. These services enable people to be more efficient to provide for the needs of society, and help to develop worthwhile social conditions, which mean a better standard of living.

EXERCISE 2

1. Answer the following questions in the spaces provided.

1.1 Supply another word for **work**

1.2 Why should a person work?

1.3 The **reward for labour** is paid in the form of

1.4 Give an example of a **personal service**

1.5 What do you call work done by hands or **the body**?

.....

1.6 Give another term for worthwhile articles.

.....

1.7 Supply another word for labour done by hands.

.....

1.8 What is a person called who works for himself?

.....

2. Indicate the following in the spaces provided:

2.1 How many people are in your household?

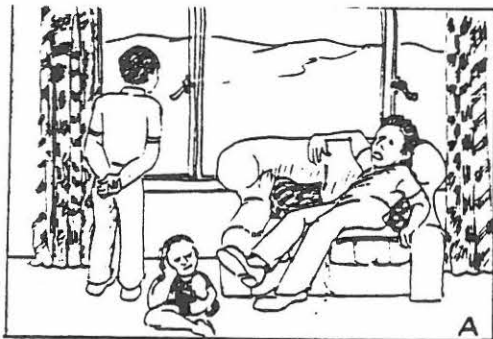
2.2 How many of them are employed?

2.3 Indicate the different jobs they are doing.

.....

.....

3. The following sketches are numbered A, B, C, D, E and F. Indicate in the spaces provided, which people are productive people and which people are unemployed. Also indicate what they are doing.



PRODUCTIVE PEOPLE

UNEMPLOYED PEOPLE

A. ....	.....
B. ....	.....
C. ....	.....
D. ....	.....
E. ....	.....
F. ....	.....

4. In the illustration are people numbered from 1 - 7. Indicate the jobs these people are doing. Also indicate whether they need training or not for the job they are doing.



KIND OF WORK

TRAINING NEEDED

- | | |
|---------|-------|
| 1. .... | ..... |
| 2. .... | ..... |
| 3. .... | ..... |
| 4. .... | ..... |
| 5. .... | ..... |
| 6. .... | ..... |
| 7. .... | ..... |

5. In the sketches below you will see people performing different kinds of personal services. Indicate in the spaces below what service they are performing.



A



B



C



D



E

A C
B D
E

2. Indicate other kinds of services as well.

.....
.....

LESSON 3

LEARNING AREA OUTCOMES

Learners will be able to acquire and use economic and financial knowledge and skills.

SPECIFIC OUTCOMES

After working through the following lesson, the learner should be able to:

- explain the term income;
- differentiate between a wage, salary, profit and income;
- name the reward for labour;
- list types of money;
- apply principles to explain economic and related events to formulate solutions in all relevant situations; and
- analyze their personal environment and describe their roles as citizens.

CONTENT

THE REWARD FOR LABOUR

Who receives pocket money? Most youngsters have to earn their pocket money by washing the dishes, making beds or working in the garden. Thus, your pocket money is payment for services rendered by yourself.

Have you ever wondered why your parents, your neighbours, in fact all people, work? They must earn money in order to survive. The **reward** which is paid for **work or labour, which means the effort of body or mind**, is paid in the form of **money**. The **money** which these people earn is known as their **income or salary**.

If you were asked what **money** is, you would probably say that it consists of **notes and coins**. This answer would not be wrong because notes and coins (cash) are money. We also come across money that we do not handle. In the business world only a small part of the money that is used is in the form of notes and coins, because it is easier to make use of cheques.

People who **work for somebody else for an income** in the form of a wage or a salary, are said to have **employment**. Persons who are **employed** and who are **paid every day or once a week** earn a **wage**. This money or wage is received in cash, usually placed in an envelope by the employer. Some people are paid by the hour and this is called shift-work. Some work during the morning, others during the afternoon and others during the night. These people are only paid for the hours they spend working.

People who are **paid once a month** earn a **salary**. This money is not paid ^{out} in cash, but receive a cheque as payment. This cheque can be paid into the bank account of such person, or he can change it for cash at the bank.

People who work for themselves are called **entrepreneurs**. They cannot pay themselves a salary, but their income is in the form of profit. They subtract their expenses from their income and the difference is called a profit.

Other people render services, such as a hairdresser or an electrician and are paid for these services they render. Such money paid to them is called their income. They are not assured of a regular income, such as a person who earns a wage or a salary, but are dependent on customers who make use of their services.

EXERCISE 3

1. In the picture below a man holding money in his hand is shown. This is his reward for the labour he has done. Answer the following questions in the spaces provided:

- 1.1 What kind of labour did this man do?

.....

- 1.2 Does one receive a wage or a salary for this kind of work?

.....

- 1.3 What is the reason for your answer in 1.2?

.....

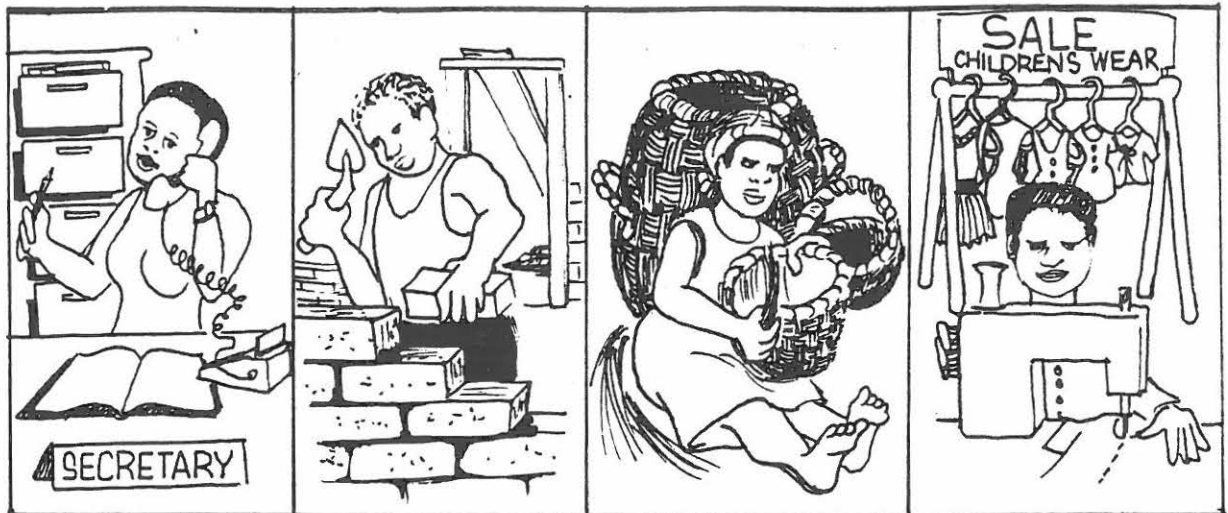
.....



2. The picture on the next page shows different types of labour. Indicate the following in the spaces provided:

- * types of labour;
- * what kind of reward these people receive for their labour, such as a wage, salary, a profit or an income; and
- * when these people receive their money, such as, immediately, at the end of the week, at the end of the month or after the goods have been sold.

DIFFERENT TYPES OF LABOUR

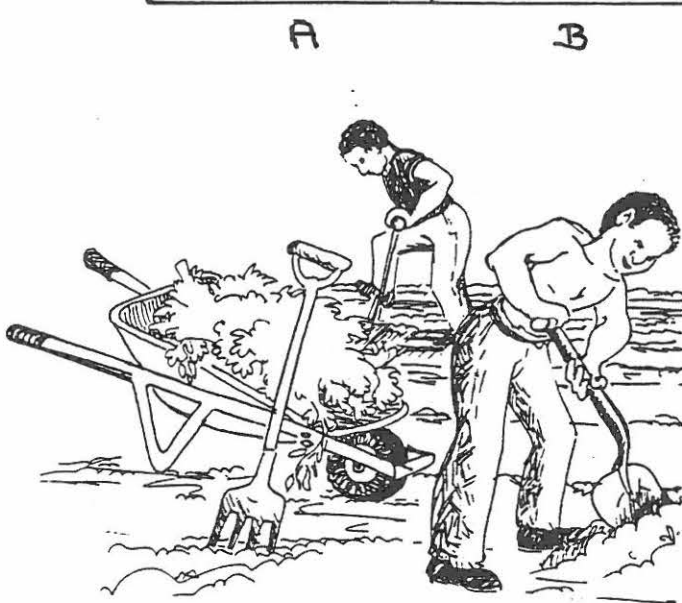


A

B

C

D



E

F

TYPE OF LABOUR

TYPE OF REWARD

TIME REWARD RECEIVED

A .....	.....	.....
B .....	.....	.....
C .....	.....	.....
D .....	.....	.....
E .....	.....	.....
F .....	.....	.....

3. What is meant when one is said to have employment?
.....
4. Why do people make use of cheques?
.....
5. Explain in what form a salary is paid.
.....
6. Name three forms in which money can be found.
.....
7. What is the reward for an entrepreneur's labour called?
.....
8. What is the reward for services rendered called?
.....
9. Why is someone who renders services, not assured of a regular income?
.....
10. Name the different bronze coins used in South Africa.
.....
11. Name the different nickel or shiny coins found in South Africa.
.....
12. Name the different notes found in South Africa.
.....

LESSON 4

LEARNING AREA OUTCOMES

Learners will be able to analyse and evaluate the economic implications of their personal environment when choosing a career.

SPECIFIC OUTCOMES

By the end of the lesson the learner should be able to:

- name at least thirteen different workplaces;
- give examples of types of work;
- discuss their own abilities, interests and personality; and
- analyze their personal environment and describe their roles as citizens.

CONTENT

DIFFERENT TYPES OF WORK

The previous lesson explained people **specializing** in different types of work. Some **types of work** require using **physical or bodily powers**, which can involve lifting, carrying and loading certain things. Other types of work need **looking after things**, such as caring for machines at work, planting and growing things, driving a truck and looking after animals.

Some kinds of work involve **brain skills** as well, examples of which are: office work, accounting, computer work and teaching.

Without having proper information, it could be difficult to decide what type of work one should do when grown up. The illustration below shows a boy trying to choose a career, without success.



Here follows more information about types of work. The following table shows thirteen different places where people could work. On the right some **occupations** or types of work are named.

TABLE 2.1: TYPES OF WORK INDICATED BY WORKPLACE

WHERE YOU WORK	WHAT THE WORK IS CALLED
Outdoors	Farmer, forester, builder, engineer
Workshop	Motor mechanic, carpenter, technician
Factory	Engineer, foreman, electrician
Laboratory	Chemist, scientist, researcher
Office	Clerk, manager, accountant, lawyer
Studio	Architect, artist, designer
Warehouse	Storekeeper, packer, fork lift driver
Shop	Assistant, cleaner, storeman, cashier
Service counter	Bank teller, building society assistant, post office clerk
Residential	Housewife, hotel manager, cook, waiter, housekeeper
Institution	School teacher, principal, lecturer, doctor, nurse, matron, janitor
Transport	Train driver, pilot, taxi driver, postman, ship's engineer
Mine	Miner, underground manager, operator

Table 2.1 shows that a person could work outdoors, indoors in a workshop, a factory, an office, a studio, a warehouse, behind a service counter or even in a house or a hotel.

A person could also be a driver of some kind of vehicle or even work underground in a mine.

Indicate two kinds of work indicated above you would like to do and give reasons for your choice.

.....

.....

.....

.....

When choosing a career or a work, a person should keep certain considerations in mind. The following questions should firstly be asked:

- * what **abilities** do I have (what am I good at)?
- * what **interests** do I have (what do I like to do)? and
- * what type of **personality** do I have (what type of person am I)?

Consider these three questions in detail:

1. What **abilities** do I have?

Think what you are **good at**. Consider whether you can speak well or rather use your hands when working. One could either decide to be a teacher, or decide that it would be better to use tools when working.

School subjects should give an indication of **things which can be done more easily** than others. For example, if you did well in Biology you may be good at a job where plants or animals are worked with. If a person struggles with maths, it would not be a good idea to choose a career where numbers are used in work.

2. What **interests** do I have?

Think about what you **really like to do**. You may like doing the following:

- * work with **people** (teaching);
- * work with **numbers** (doing calculations);
- * work with your **hands** (using tools);
- * **draw sketches**;
- * work **out of doors** in nature;
- * speak different **languages**;
- * work in an **office**;
- * **sell** things;
- * participate in **sport**; or
- * work with **animals**.

3. What **type of person** am I?

Personality is important when a career is chosen. All people are not the same, some people are shy and withdrawn, others like to keep to themselves and others like to mix with people.

Certain personalities are better suited to some careers than others. For instance, a very shy person will not choose a career where people have to be addressed, for example, being a politician.

Turn the page over for an exercise.

EXERCISE 4

Complete the following questions:

1. What are you good at?

.....

2. What are your best subjects at school?

.....

2. Consider the answers provided in no. 2 on the previous page as well as table 2.1 on the page before and write your answers in the spaces provided.

WORKING WITH	NAME OF CAREER OR CAREERS
People	
Numbers	
Your hands	
Draw sketches	
Nature	
Speak languages	
Office	
Selling	
Sport	
Animals	

3. Ask your teacher to get the book "Your Career" from the local library and give each student the opportunity to find out something more about the work you have chosen. Write some particulars about this work in the space provided.

Training

Work hours

Salary

Other

4. Get the following information from your parents or a working friend and complete the following questions.

4.1 Where do you work?

4.2 Is the workplace big or small?

4.3 How many people work at your workplace?

4.4 What is made at your workplace?
Or, what happens at your workplace?

.....

4.5 What type of machines are used?

.....

4.6 What do you like about your work?

.....

4.7 What do you not like about your work?

.....

4.8 What training have you had?

COURSE	WHERE	FROM	TO

4.9 Use the next period to discuss some of the jobs indicated in this section. Write anything interesting concerning jobs you were not aware of in the space below.

.....
.....
.....
.....

EVALUATION 1

Marks: 30
Time: one period

The following can be used as a worksheet to be completed in class or as a formal test.

1. Find the following economic terms indicated in the wordsquare below:

Salary, employment, produce, reward, wage, money,
labour, trade, service, price

B	T	E	S	G	L	E	P	M	S
E	S	L	A	B	O	U	R	C	I
U	R	E	L	C	I	G	O	R	V
F	T	R	A	D	E	H	D	H	P
W	E	S	R	T	I	O	U	N	W
N	A	T	Y	P	R	I	C	E	O
P	U	G	Y	M	O	N	E	Y	M
S	W	T	E	B	U	X	I	K	O
B	S	E	R	V	I	C	E	T	C
E	M	P	L	O	Y	M	E	N	T

(10)

2. The following questions have four possible answers, indicated by (a), (b), (c), and (d). Choose the correct answer by placing a tick on the correct number.

2.1 Work specialisation means the following:

- (a) when you do work you like
- (b) when you do different kinds of work
- (c) when you do one kind of work you are good at
- (d) when you are a skilled worker

2.2 A person is called a productive person, when:

- (a) you help in the house
- (b) you work and earn money
- (c) you work in the garden
- (d) you do not work

2.3 The difference between a job and a service is:

- (a) working for yourself
- (b) working for an employer
- (c) working in your house
- (d) working for your husband

- 2.4 A hairdresser is not assured of a regular income, because:
- (a) she works from home
 - (b) she works in town
 - (c) she works for herself
 - (d) she is dependent on her customers
- 2.5 School subjects give an indication what abilities you have, because:
- (a) you could decide to be a teacher
 - (b) you could use your hands when working
 - (c) indicates things you do more easily
 - (d) indicates that you take Biology at school (10)
3. Fill in the blank spaces -
- 3.1 If a prehistoric person did not, he would not survive.
- 3.2 Tradesmen are called, because they specialise in different trades.
- 3.3 Through labour, are changed into finished articles.
- 3.4 A hairdresser who works for herself, performs a
- 3.5 Some people are paid by the hour and this is called (10)

PART TWO

PRODUCTION

LESSON 5

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of the interrelationship between the economic and other environments, related to needs of a person.

SPECIFIC OUTCOMES

After this lesson has been completed, the learner should be able to:

- recognise different needs in a person's daily life
- differentiate between non-durable, semi-durable and durable goods;
- note the different services provided;
- relate standard of living to needs of people;
- explain why the demand for goods can change from time to time;
- evaluate the economic implications of each of their roles as citizens and consumers; and
- understand the nature and importance of reconstruction to improve the standard of living through productivity.

CONTENT

DAILY NEEDS OF PEOPLE

Have you ever thought about the various things you need daily? In order to live a proper life, a person needs basic things such as food, as well as clothing without which one cannot live. It is also an accepted fact that one needs a house or place to live in and any person needs entertainment in order to lead a balanced life.

This means that the need for food, clothing, a house and entertainment must be satisfied. This can only be done if man is prepared to work and to use the money which he earns to buy the necessary goods.

Our **earnings** are used for several purposes. We buy food and clothing and make sure that we have an acceptable home which we live in.

EXERCISE 5

In the sketches below you will see various **needs** illustrated. Daily needs are so many that you will not be able to list them all. Make a list of needs other than those illustrated, in the spaces provided.



NEEDS

.....
.....
.....
.....

OTHER NEEDS

.....
.....
.....

People **buy goods**, dresses, jewellery, fruit, vegetables and many other things, they do so because they **need and want them**. When people **use the goods** they have bought, it is said they **consume** them. For example, when they eat vegetables, they are consuming them and when they wear dresses or use electricity they consume them. These goods are called **consumer goods**.

Some of the goods that we consume disappear the first time they are used, or are **used up** when consumed. Food, water and energy are examples of this and is called **non-durable goods**. We can **use** other goods **more than once**, for example, clothes and books. This is called **semi-durable goods**.

A third group of goods may last a very long time and we can use them over and over, for example, furniture, radios, television, motor cars and houses. This is called **durable goods**.

EXERCISE 6

The following illustrations display different types of goods. Identify consumer, semi-durable and durable goods. Write your answers in the spaces provided.



Consumer goods

Semi-durable goods

Durable goods

.....
.....
.....
.....

.....
.....
.....
.....

.....
.....
.....
.....

Our **need for consumer goods** is called our **demand**. The more these goods are needed, the bigger our demand is for them.

When people **choose** between **options in life**, a **choice of consumption** is made. The decision is made by the consumer to choose what he will or will not buy. In this way he chooses what should or should not be produced. People who make or **manufacture** these goods, can **influence** the choice of people. It can be done through **good advertising**, the quality of the goods can also be improved to make sure that **differences in price** exist. If the price of goods becomes too high, consumers will choose to buy another product.

The manner in which people buy and consume goods can change from day to day. These changes are the result of many factors. Changes in the standard of living of people, migration (when people move from one place to another to look for better opportunities in life), education and even seasons (summer, winter, spring and fall), result in a different **demand** for consumer goods.

Apart from goods which usually is bought from various stores, we also **need services rendered by other people**, to satisfy some of our needs. Services cannot be bought, someone has to do something to satisfy a certain need. These needs include education, sports coaching, medicine and law. Specialized people have to render such services to assist us in satisfying these particular needs. Consumer goods and services are meant to satisfy the needs of people.

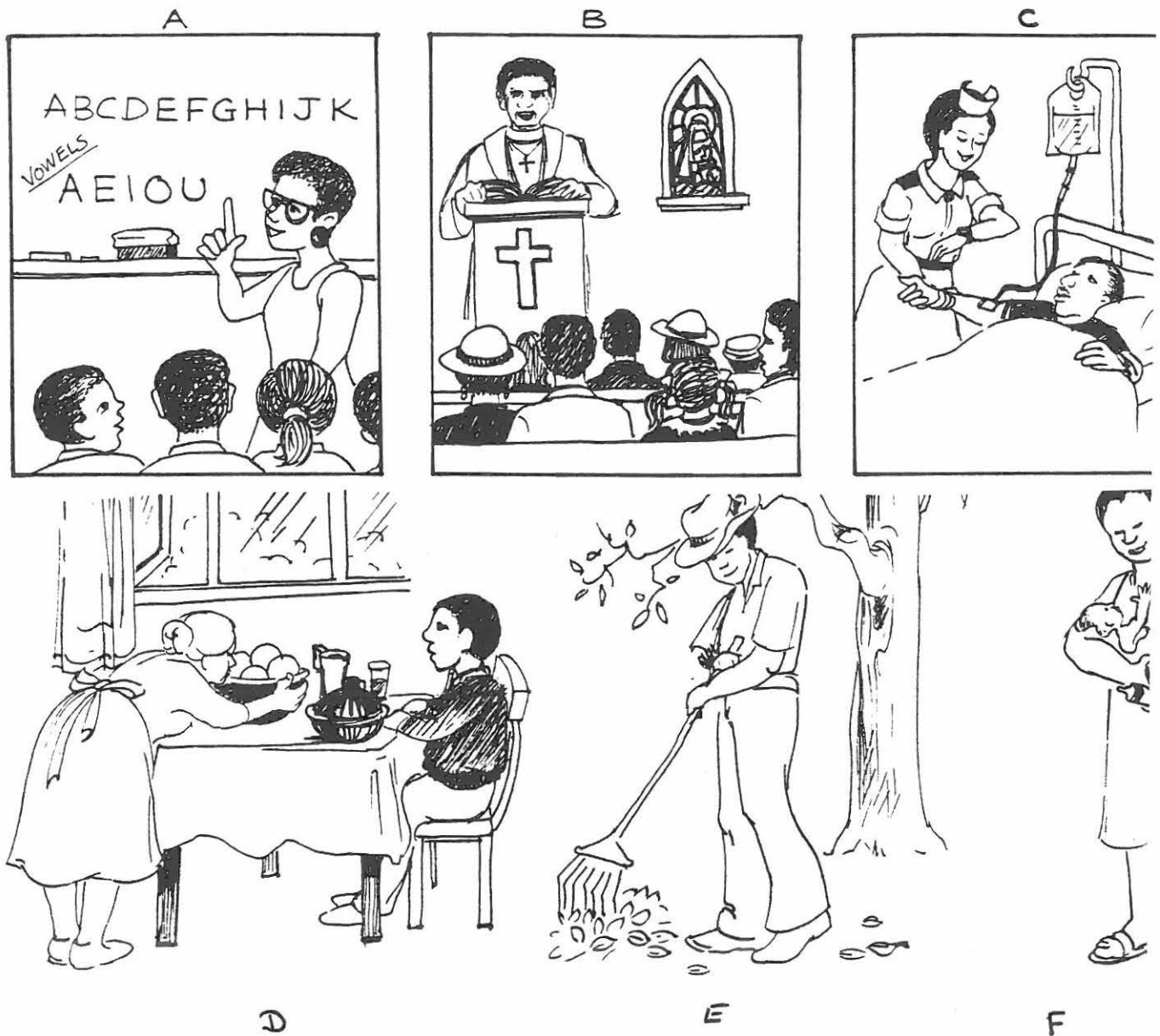
The number of our needs, not only of consumer goods, but also of semi-durable and durable goods, which are satisfied, is called our **standard of living**. If we are able to satisfy many needs, our standard or pattern of living is high. If only a few needs are satisfied, then our standard of living is low.

EXERCISE 7

Answer the following questions in the spaces provided.

1. People buy goods because they them.
2. Vegetables and electricity is called goods.
3. Explain why people need different things in summer and other things in winter.
.....
4. Give 2 examples of durable goods, other than those in the example
.....
.....

5. We call our need for consumer goods, our
6. The following illustrations show people rendering services. See whether you can name the different type of services they are performing. Write your answers in the spaces provided.



- A.
- B.
- C.
- D.
- E.
- F.

LESSON 6

LEARNING AREA OUTCOMES

Learners will be able to acquire and use economic knowledge and skills related to factors of production.

SPECIFIC OUTCOMES

On completion of this lesson, the learner should be able to;

- demonstrate an understanding of natural environment
- explain what is meant under the term production;
- list the different factors of production;
- identify and develop the characteristics of an entrepreneur;
- name the reward for entrepreneurship; and
- evaluate the economic contributions made by role-players in production.

CONTENT

WHERE DO PRODUCTS COME FROM?

Some products are **presents from nature** and other goods have to be **produced** or made by man or machine.

When things are made or produced, **raw materials** are needed from which an article is **manufactured** or made. Raw materials are called **natural resources**. The word **natural** means that it comes from nature, **raw** means that it has not been processed or worked upon. Raw materials are not made by man, but without them, goods cannot be produced.

An example is land or **farmland** with enough grass for sheep to feed on. The sheep gives **wool** as natural resource and clothes are manufactured from that raw material.

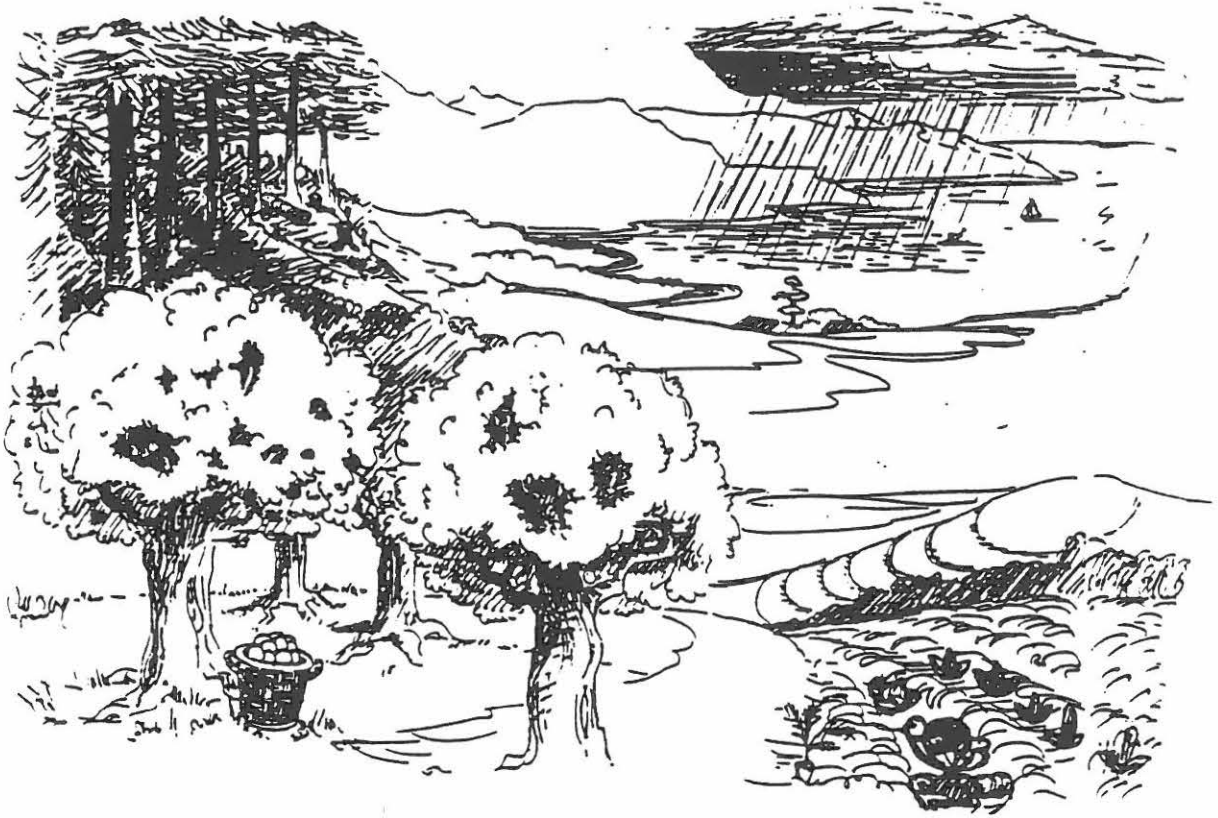
Water is also a natural resource. Water is not only necessary for grass to grow, but humans and animals use it as drinking water, while factories use the steam produced from water to let machines operate.

The **sea** is another natural resource which provides fish to eat and salt from sea water. The sea could also be used as a form of transport as waterways for ships and boats.

An exercise appears on the next page.

EXERCISE 8

Identify the **natural resources** in the picture. Write your answers in the spaces provided.



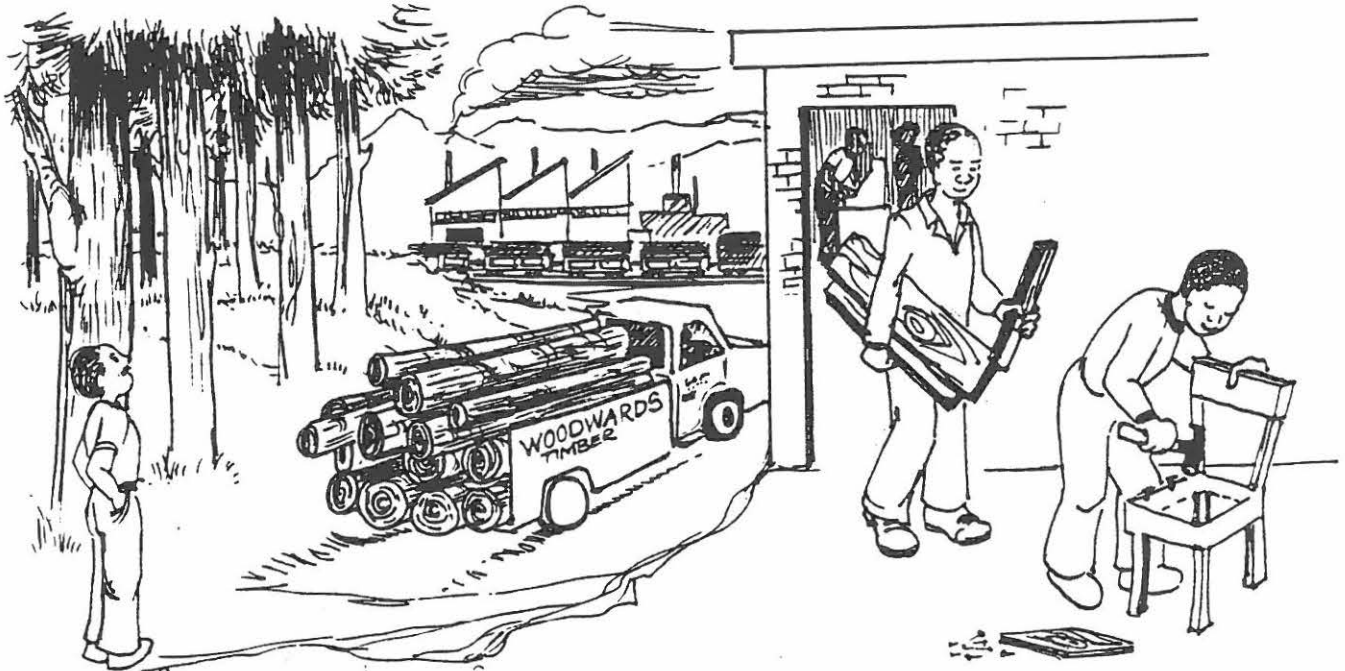
.....
.....
.....
.....

Natural resources alone cannot satisfy our needs. An animal cannot be killed and its skin worn immediately. The skin needs to be changed into clothes, that means that the clothes need to be **produced through making use of labour**.

Production is the manner in which raw materials are **changed** into **finished or final goods** (for example the clothes). Goods that are ready for consumption, are called **finished or final goods**.

EXERCISE 9

The following illustration shows how a chair is being **produced**. Notice the steps of changing the **raw materials** into the **finished goods**, which is a chair. Write the different steps as shown in the picture, in the spaces provided.



RAW MATERIAL

CHANGED INTO WHAT

- | | |
|---------|-------|
| 1 ..... | ..... |
| 2 ..... | ..... |
| 3 ..... | ..... |
| 4 ..... | ..... |

The sketches above showed that certain raw materials had to be changed through various stages of production by the labour of people or specialists.

No only are **different raw materials necessary** when **production takes place**, other elements are also used. For example, you intend to produce clothes. Before production is even started, people to work are needed, which is called **labour**. Some land on which to build a factory is needed, money to buy raw materials is also needed to buy tools and machinery for the process of production.

These necessary things or items are known as the factors of production. When these factors of production are combined, it could help people to produce an article that can be used to satisfy a need.

A person has to **combine** the factors of production. This person is called an **entrepreneur**. An **entrepreneur** is a person who is willing to begin a new business, decides which are the best choices to make, and takes the risk, which means the possibility that the business could fail. The **reward** for taking such a risk is called **profit** in business. The process of making use of all the factors of production, is called **entrepreneurship**.

There are thus four **factors of production**;

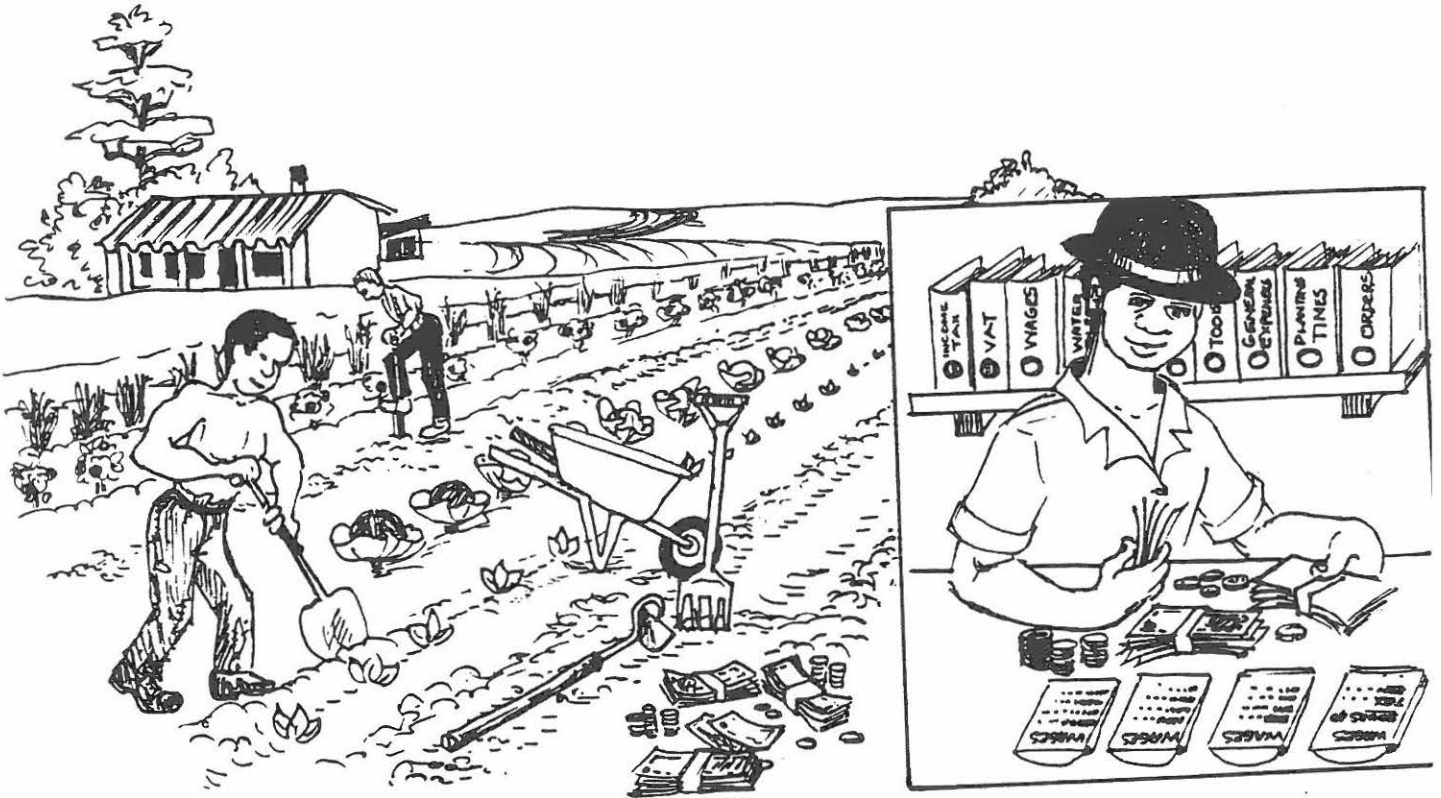
- * **land** or raw materials called natural resources;
- * **labour** or work;
- * **capital** (money and machinery); and
- * **entrepreneurship**, which is the ability of a person to organise above 3 factors, land, labour and capital.

Production can also be in the form of a service, for example, services rendered by banks, education, insurance companies and transport companies. All three factors of production is not necessarily used in the process, but a person is needed to organise labour and capital and take the risk of the enterprise.

EXERCISE 10

1. Give 2 examples of goods supplied by Nature
.....
2. Gifts from Nature are called
3. Production is the process of changing
..... into finished or final goods.
4. What is the person who makes use or organises the factors of production called?
.....
5. The process of organising the factors of production
is called
6. Explain why an entrepreneur has to take a risk in business
.....
.....

7. The following pictures explain the different factors of production needed by a farmer who grows vegetables in order to earn a living. If you look closely at the sketches, you will see people planting vegetables. They work for the farmer who is sitting in his office, counting money to put into the wage envelopes.



Answer the following questions related to the sketch:

7.1 What is used as raw materials?

.....

7.2 What is the farmer's capital?

.....

7.3 What is the farmer called?

.....

8. Form groups in class and discuss another example which explains factors of production. Firstly write down the example in the space provided. After that, write down the factors of production and what classifies as that factor. Finally, indicate what is made or produced. Compare your group's findings and examples with the rest of the groups.

.....

.....

.....

.....

.....

.....

9. When you have to produce a woollen jersey, write down the different factors of production made use of and indicate the steps that have to be completed in order to produce the jersey.

.....

.....

.....

.....

10. Do you know any entrepreneur? Write down his name and indicate what he does in order to be called an entrepreneur.

.....

.....

.....

11. Discuss the different kinds of entrepreneurs each student has indicated with the rest of the class and write down the kinds mentioned by the class in the spaces provided.

.....

.....

.....

LESSON 7

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of the concept production and related concepts.

SPECIFIC OUTCOMES

After completion of this lesson, the student should be able to:

- explain what is meant by production;
- note that rendering a service also is a means of production;
- differentiate between production and the rendering of services; and
- apply principles to explain economic and related events and to formulate solutions in all relevant situations

CONTENT

WHO PRODUCES GOODS?

Lesson one indicated that in pre-historic or primitive ages man made everything he needed himself. Today we cannot make things to satisfy all our own needs ourselves. It has become hopeless for any person to produce everything he needs by himself. A person does not have enough time, strength or knowledge to make everything he needs.

Today workers are taught to do certain types of jobs. This is why bricklayers, carpenters, farmers, doctors, teachers, salesmen and other people who skill themselves to do a certain type of work, exist. Each worker does his share in this way so that goods can be produced.

When people make or manufacture things, it is said that they **produce** them. Goods are **produced** in order to satisfy needs. Some necessary things can be made by ourselves, but most goods are **made by others**. It is thus clear that goods are made or produced by people using all kinds of tools in the production process which indicates that humans are the main element of production. No article can be made by machines alone.

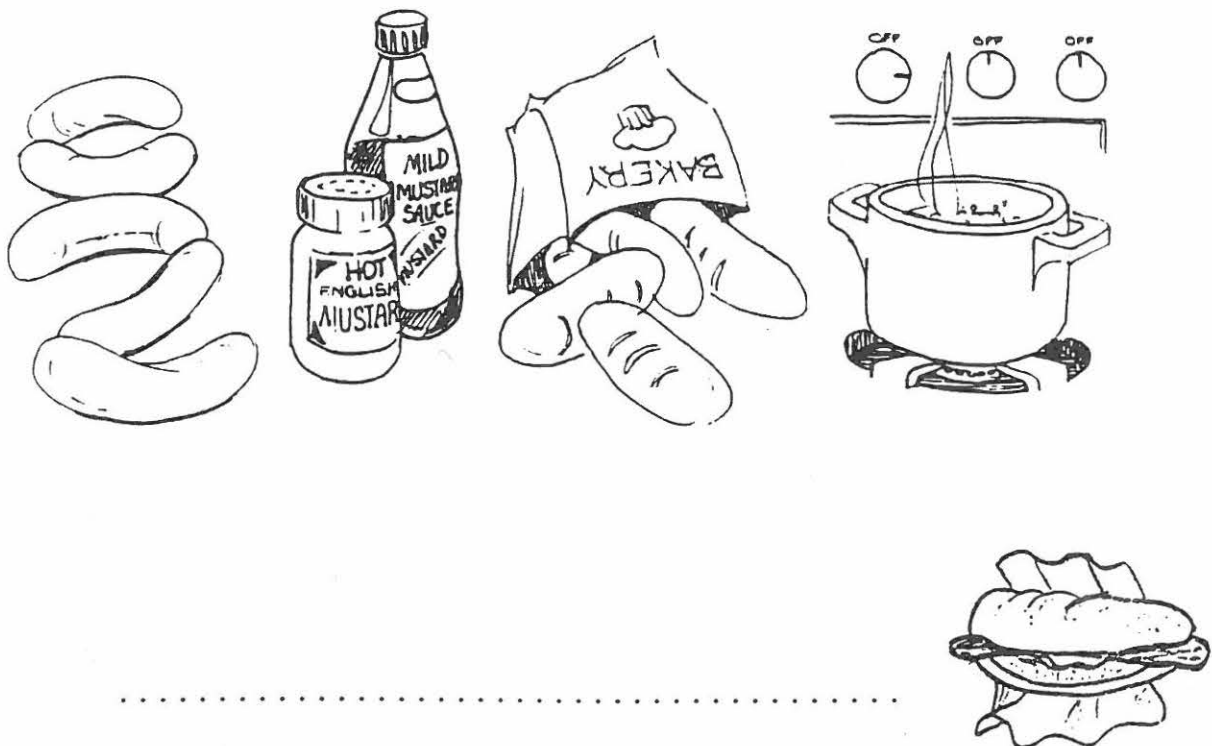
Production, then, is the result of the **process of changing raw materials into finished or final goods**. Finished or final goods are goods that are available to be consumed. Every day goods are produced around us. Even in the classroom the teacher is contributing towards the process of production, through the service of education which he provides. **This proves that production** can also be regarded as a **service**, for example, education. Delivery vehicles, trucks and busses are driven to and fro in the streets daily, busy **transporting goods and people**. They also render **services** in the process of production by doing this.

Not only consumers use services, but producers can also make use of services. The services used by producers, are those of banks (for safe-keeping of their money), insurance companies (to insure their assets), accountants (to keep their books) and transport companies.

Here follows an example in order to explain this concept. A motor mechanic is specially trained to repair and maintain motor cars, which is a **service** he renders. He repairs the motor cars and is paid a weekly wage. He then uses this money he receives to buy the goods he needs. These goods which he buys are not made by himself, but have been produced by other people. He also makes use of a bank for the safe-keeping of his money, an insurance company to insure his assets against all kinds of risks and he also uses an accountant to keep his books.

EXERCISE 11

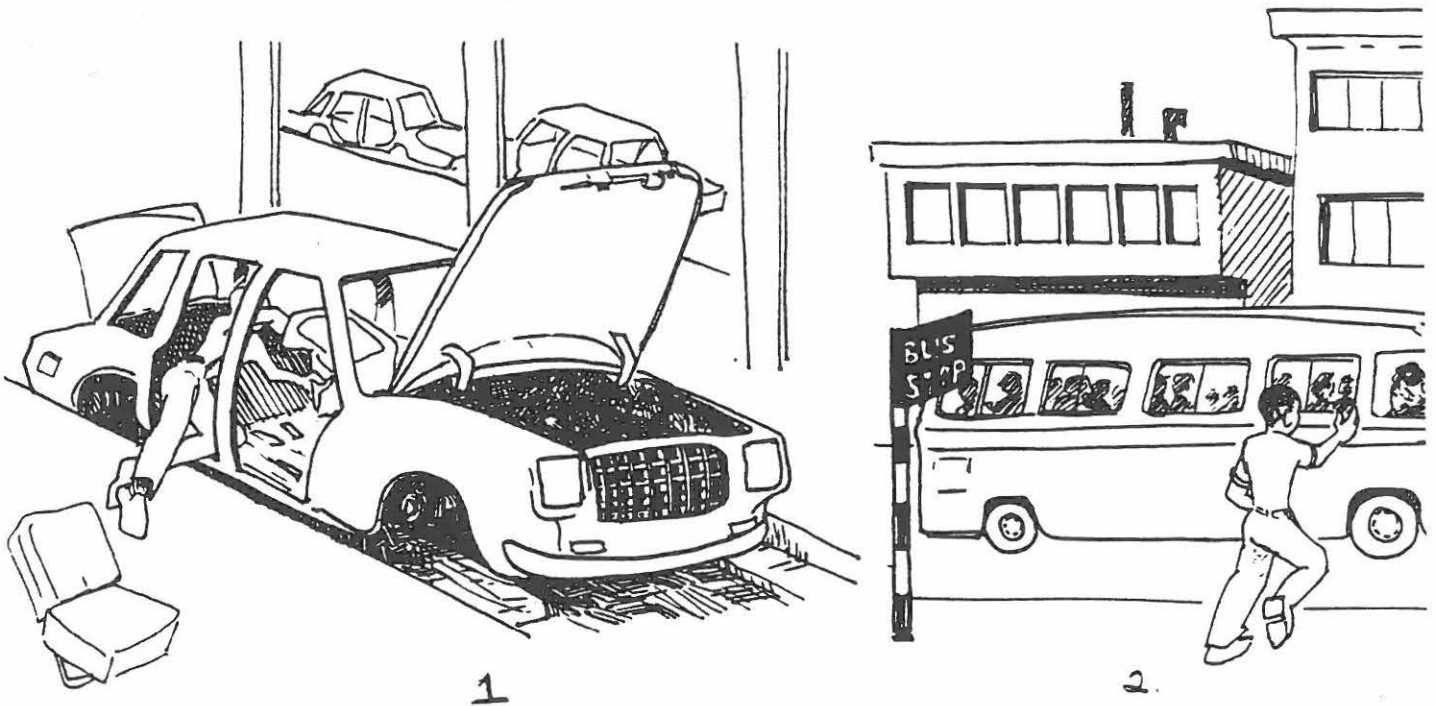
1. Certain ingredients are needed for production and the following picture indicates what is needed to produce a hot dog. Write your answer in the spaces provided.



2. What ingredient in the making of a hot dog has not been shown in the picture?

3. Answer the following questions in the spaces provided.
- 3.1 When people make things, we say they them.
- 3.2 Production is the process of changing
into finished or final goods.
- 3.3 Production can also be a service, for example
.....
- 3.4 Answer yes or no to the following question.
Producers also use services, the same as consumers do.
.....
- 3.5 Why do producers also need services?
.....
.....
- 3.6 Name a few services producers make use of.
.....
.....
- 3.5 Delivery vehicles, trucks and buses all render a
.....
4. Explain in what way education can be classified as the
rendering of a service.
.....
5. Explain why a person cannot make everything he needs by
himself.
.....

6. The following picture explains the difference between produced goods and the rendering of services. Consider the pictures carefully and name what is produced and what service is rendered in the spaces provided.



GOODS.....

SERVICE.....

7. In the sketch you have seen an example of goods being produced and the rendering of a service. Think carefully and tell the rest of the class what would change sketch 1 into the rendering of a service.

.....

- 7.1 Indicate how sketch 1 should be changed to indicate the rendering of a service.

.....

.....

8. Paste an advertisement of any product in the space below and answer the questions that follow:

8.1 Who makes that article?

.....

8.2 What time does it take to make that article?

.....

8.3 Who buys that article?

8.4 How much does it cost?

8.5 Have you ever bought it?

.....

EVALUATION 2

Marks: 30

Time: One period

1. Fill in the missing words.
 - 1.1 When people use the goods they have bought, they them.
 - 1.2 Basic things needed for survival, are and
 - 1.3 Clothes need to be through making use of labour.
 - 1.4 Production can also be a for example, education.
 - 1.5 The sea is a natural resource, providing and (10)
2. The following questions have four possible answers, indicated by (a), (b), (c), and (d). Choose the correct answer by making a tick on the correct number.
 - 2.1 Natural resources are:
 - (a) clothes
 - (b) bread
 - (c) wool
 - (d) a hot dog
 - 2.2 Money is put into wage envelopes -
 - (a) at the end of the month
 - (b) once a week
 - (b) every two weeks
 - (c) every day
 - 2.3 Basic things needed for survival are:
 - (a) food and clothing
 - (b) a house and furniture
 - (c) electricity and jewellery
 - (d) entertainment and a TV
 - 2.4 An entrepreneur does the following:
 - (a) work in a shop
 - (b) work for other people
 - (c) work in a factory
 - (d) work for himself

2.5 An accountant does the following:

- (a) writes out accounts
 - (b) checks who pays his accounts and who not
 - (c) keeps books for a business
 - (d) reads books in a library
- (10)

3. This question consists of names in the first column and answers in the right-hand column. Match the name to the answer by writing down the number of the question and the letter which presents the answer, for example, 1 B.

- | | |
|------------------------|--------------------------------|
| 3.1 consumer goods | A. make things |
| 3.2 semi-durable goods | B. money and machinery |
| 3.3 manufacture | C. goods ready for consumption |
| 3.4 capital | D. the sea |
| 3.5 final goods | E. books |
| | F. electricity |
- (10)

PART THREE

PUBLIC LIABILITY

LESSON 8

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of governing authorities of a country and related concepts.

SPECIFIC OUTCOMES

Upon completion of the lesson, the learner should be able to:

- explain what is meant by inhabitant or citizens of a country;
- name the different types of authorities operating in a country;
- explain what the different authorities are responsible for;
- discuss why authorities require enormous sums of money; and
- demonstrate an understanding of demography.

CONTENT

GOVERNING AUTHORITIES

Section one concentrated on labour and section two on production. Both sections indicated that people have to work for a living to turn raw materials into finished goods. It is an accepted fact that all people live in a country.

The people who live in a certain country are called **inhabitants** or **citizens** of that country. Most of us in South Africa are citizens, South African citizens. Each citizen forms part of a **nation**.

The inhabitants or citizens of any country are **ruled or governed** by various **authorities**. We find different types of authorities in a country. A country consists of towns, cities and provinces. Each region in the country is also called a province. All towns, cities and provinces fall under the authority of one central government which is usually centred or seated in the metropolis or governing city of the country.

In the **towns** we find town councils or **municipalities** which serve as governing authorities. Each town is situated in a specific province. Each **province** is governed by a provincial council called **regional councils**.

Central government rules the entire country. People vote in order to elect members of the different authorities. Each citizen is obliged to cast his vote as well as to obey the laws made by the councils or authorities.

The different authorities in South Africa are represented in the following table.

<p style="text-align: center;">CENTRAL GOVERNMENT</p> <p style="text-align: center;">This is the highest governing body in the country, responsible for following:</p> <p style="text-align: center;">Safety of citizens, which is the defence force and the police force Social welfare services, which is hospitals, pension schemes and transportation services.</p>
<p style="text-align: center;">REGIONAL COUNCILS</p> <p style="text-align: center;">This council of each region is elected by people who have to vote, and is responsible for the following:</p> <p style="text-align: center;">education, roads and protection of game, birds and plants.</p>
<p style="text-align: center;">LOCAL AUTHORITIES (MUNICIPALITIES)</p> <p style="text-align: center;">This authority is responsible for the following:</p> <p style="text-align: center;">Public health services, Power and water supply, Transportation facilities, Residential areas, Traffic maintenance.</p>

The table above indicated that:

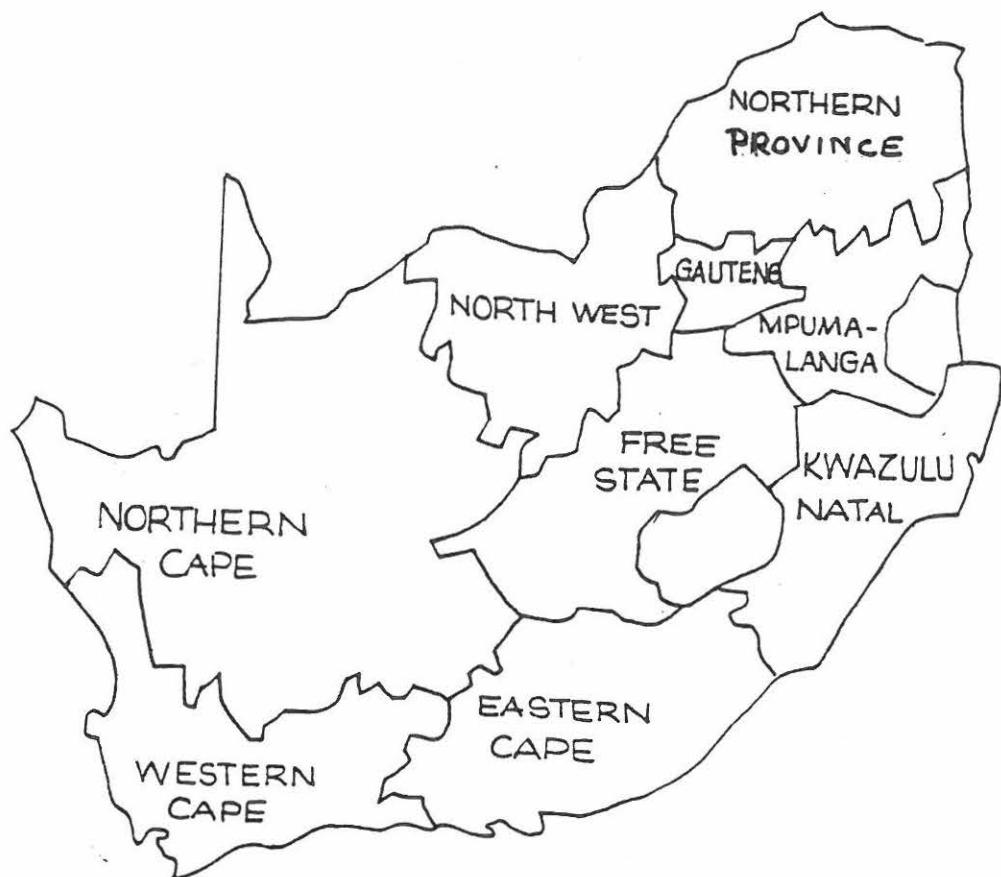
- * safety, social welfare and pension schemes for citizens are handled by central government;
- * the council of each region of the country is responsible for education, roads and protection of wildlife; and
- * the municipality of each town is responsible for health, electricity and water, transport, all areas where people live and law and order on the roads.

South Africa is divided into **nine regions**, thus there are nine regional councils, situated in the metropolis of each region. Each local authority reports to its regional council.

The nine regions of South Africa are the following:

- | | |
|----------------------|----------------|
| * Western Cape | * Eastern Cape |
| * Northern Cape | * Free State |
| * KwaZulu Natal | * North West |
| * Gauteng | * Mpumalanga |
| * Northern Province. | |

Here follows a map of the nine regions of South Africa.



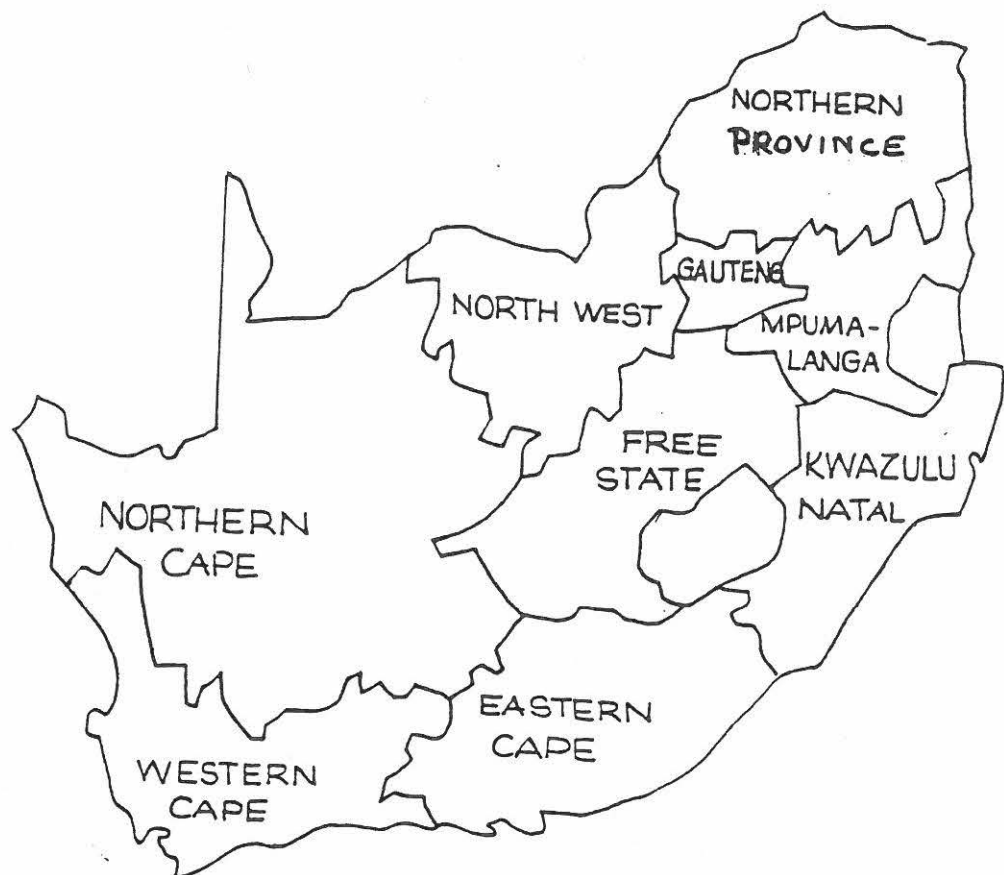
In order to fulfil all functions and to provide essential **services** to the **public**, the state requires enormous sums of **money**. The state needs money to pay salaries to civil servants (people who are paid to work for the state), teachers and policemen. The state also needs money for the erection of school buildings, hospitals, irrigation schemes and dams, also for expanding and repairing the country's roads, bridges, railways and harbours.

When thinking about the above-mentioned functions and services, it is clear that every inhabitant of the country is advantaged by these services supplied by the state. As a result, it is the **duty of every citizen** to **contribute** towards supporting the state to bear the expenses which originate as a result of these services.

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- | | |
|----------------------|----------------|
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| * KwaZulu Natal | * North West |
| * Gauteng | * Mpumalanga |
| * Northern Province. | |

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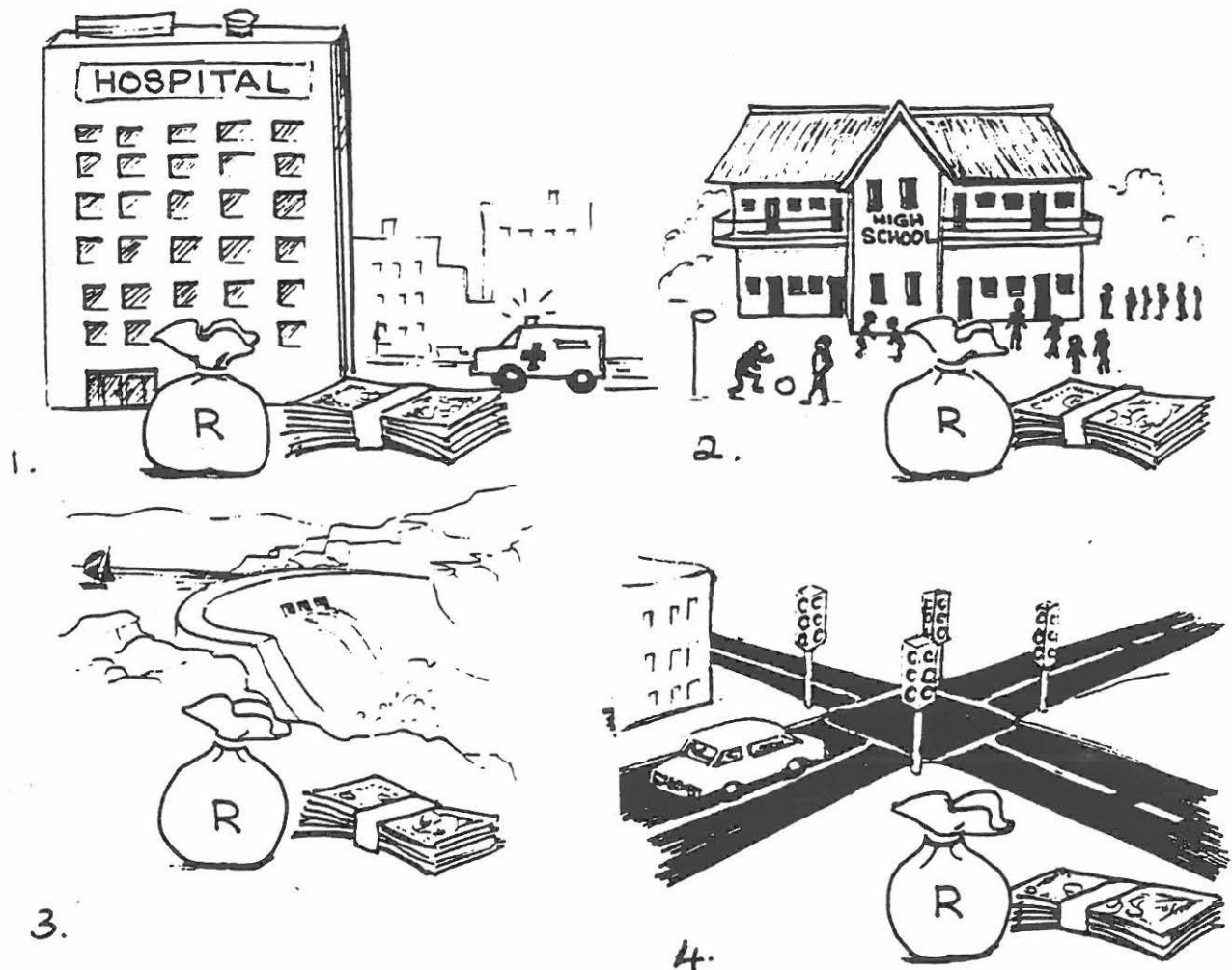


In order to fulfil all functions and to provide essential **services** to the **public**, the state requires enormous sums of **money**. The state needs money to pay salaries to civil servants (people who are paid to work for the state), teachers and policemen. The state also needs money for the erection of school buildings, hospitals, irrigation schemes and dams, also for expanding and repairing the country's roads, bridges, railways and harbours.

When thinking about the above-mentioned functions and services, it is clear that every inhabitant of the country is advantaged by these services supplied by the state. As a result, it is the **duty of every citizen** to **contribute** towards supporting the state to bear the expenses which originate as a result of these services.

These payments take the form of **taxation** which the state enforces upon citizens. Taxation is a **obligatory payment** which means that the citizens of a country have to pay such taxes to the state. The purpose is to finance the services of which the general public benefit.

The following illustration shows how the government uses taxes to provide for hospitals, schools, roads and dams as public benefits.



EXERCISE 12

Divide the class into four groups and each group use one part of the illustration to discuss in what way the government uses the money for that particular institution.

1. Hospital
2. School
3. Dams
4. Roads

Compare the findings of each group.

EXERCISE 13

Answer the questions that follow in the spaces provided.

1. People who live in a country are known as
.....
2. The inhabitants who live in a country are governed by
.....
3. The members of authorities are elected by people who
.....
4. The central government is responsible for the security of
citizens, which is the
and social welfare services, which is
5. In order to fulfil all functions the state requires
.....
6. Look at the map of South Africa and make a cross in the
region where you live. Also write your answer in the
space provided.
.....
7. Ask your teacher to help you indicate the town where you
live on the map and write the name of the region in the
space below.
.....
8. Who is the premier of your region? (This means that you
have to indicate who is the ruler of your region).
.....
9. Where are the municipal buildings in your town? Write
down the name of the street.
.....
10. Where is the Provincial or Regional Hospital situated in
your town? Write down the name of the Hospital and the
street where it can be found.
.....
.....

11. What is the name of your nearest public school? Write down the name as well as the address of that school.

.....
.....

12. Have you ever thought how much the government had to pay to build the school you are attending at the moment? Ask the class representative to question a knowledgeable person and report back to the class. Write the amount in the space below.

.....

13. Form groups and discuss what benefits you, as student obtain from the school. Write your findings in the space below.

.....
.....

14. Ask your teacher to find a map of your town. Paste the map in the space below and mark clearly where you live, where the municipality is, where the Provincial Hospital is and also indicate the school you are attending.

LESSON 9

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of the duties of every citizen towards his/her country.

SPECIFIC OUTCOMES

By the end of this lesson, the student should be able to do the following:

- explain what personal contribution towards the government entails;
- give examples of different types of taxes;
- distinguish between municipal tax and income tax;
- discuss the pay-as-you-earn system of taxation;
- explain the concept 'Receiver of Revenue'; and
- demonstrate an understanding of the social environment.

CONTENT

DUTIES TOWARDS YOUR COUNTRY

The previous lesson indicated that it is the duty of every inhabitant of a country to contribute financially towards supporting the state to bear expenses which arise as a result of the services rendered to citizens.

The **government** can thus be regarded as a **service undertaking** and the different services rendered by the various governing authorities have already been dealt with in the previous lesson. As a result of these services rendered by the government, all employed people have to pay part of their earnings to the state to compensate for services rendered. These payments are made in the form of taxes, which constitute a percentage of personal income.

The following are **examples of taxes** which are **levied by the state** and should be paid by every citizen earning an income:

1. THE PAY-AS-YOU-EARN SYSTEM (P.A.Y.E.)

In order to make it easier for the taxpayer, tax is subtracted from his/her income at the end of each month, meaning that the payment of the **annual income tax** is **spread over twelve months**. Every employer is obliged by law to arrange to subtract an amount for **income tax** every week or every month from each employee's wages or salary.

The amount which is subtracted is calculated according to a **determined scale** which is supplied by the Receiver of Revenue. The total amount towards income tax of all employees held back by the employer, is then paid over to the **Receiver of Revenue**, which is the government department responsible for the collection of taxes from individuals.

Income tax is one of the chief sources of income for the central government. This **tax** should be **paid once a year to the state** by the taxpayers of the country (people earning a certain amount of income). Tax is calculated on the **total income** of each individual. This means that not only the salary of a person is taxed, but the salary or wage, plus rent the person may be receiving from someone else, plus interest he may be receiving from money he is investing and profits from business activities, are taken into account.

Here follows an example of a tax calculation for one month:

TOTAL INCOME

1. Salary or wage	R1 500
2. Rent received of building let to Mr. Molefe	500
3. Interest on investment at ABSA bank	<u>300</u>
TOTAL INCOME RECEIVED	R2 300

Total income received, R2 300 and not on the salary or wage only is taxable, but certain **expenses** made by the individual are taken into account as **deductions** from the total amount of tax payable. The payments made to a medical aid fund as well as to a pension fund are deductible as well as certain deductions concerning the number of children in the family.

Here now follows a tax calculation:

TOTAL INCOME RECEIVED		R2 300
LESS DEDUCTIONS		
Payments to medical aid fund	300	
Payments to pension fund	200	
2 Children in the family (estimate)	<u>50</u>	<u>550</u>
TOTAL AMOUNT TAXABLE		R1 750

Tax is always paid after a year and the **tax year** of the Republic has two applications, as follows:

1 March to 28 February of the following year for individuals;
and

1 July to 30 June of the following year for companies.

This means that tax is paid at the end of February by people who earn a salary or an income, but companies pay tax at the end of June each year.

2. MUNICIPAL TAX

This tax is **paid to the municipality** by the **owner of property** or buildings within the municipal area. A tax is charged on the specific property at a certain number of cents per rand of the valuation (what the property is worth).

Individuals who do not own property are not liable to pay such tax.

3. VAT

Above is an abbreviation for Value Added Tax. This tax is a compulsory payment to the state made by each individual buying a product, whether it is a finished product or not. This tax is also payable on the rendering of services. This amount comprises a certain percentage of the amount payable and does not belong to the seller of the product or the person rendering the service. At the end of each month the amount collected for VAT is paid in a lump sum to the Receiver of Revenue.

EXERCISE 14

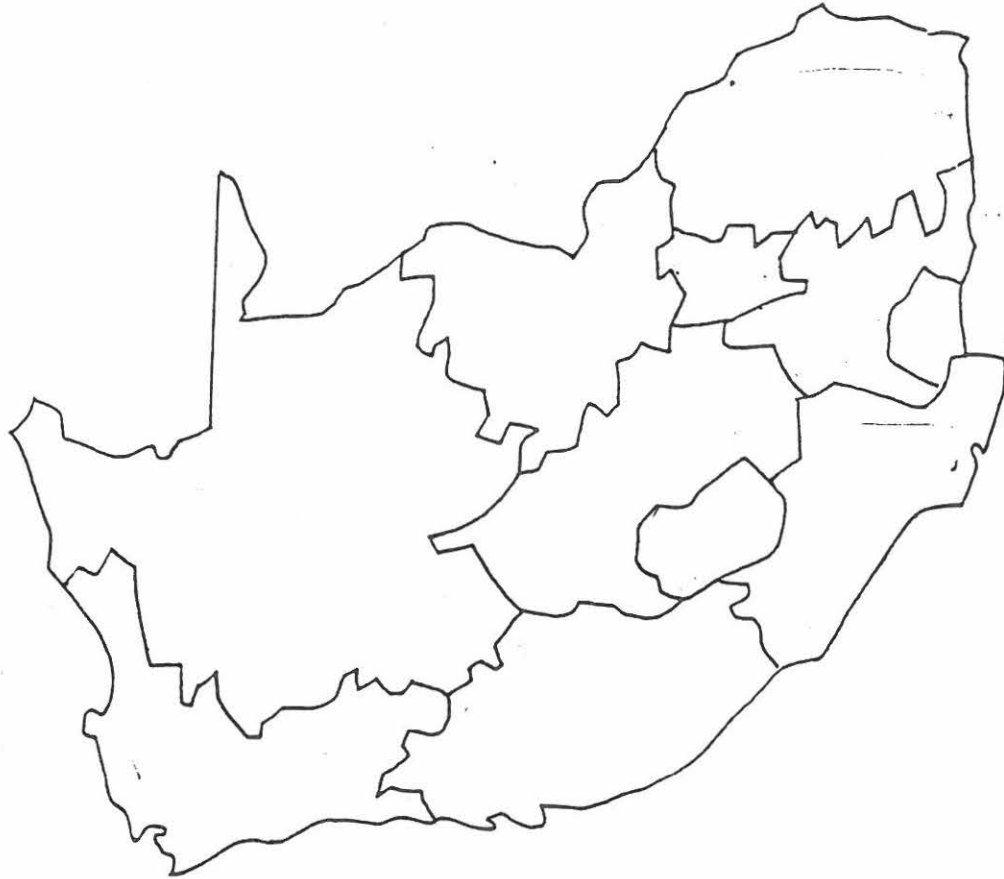
Answer the questions that follow in the spaces provided.

1. The contribution of every citizen towards the relief of expenses of the state is called
2. When is this contribution paid to the state?
.....
3. When a person is employed, who is responsible for paying this contribution to the state?
.....
4. Explain what is considered as income
.....
5. What may considered as deductions when calculating income tax?
.....
6. The payment of annual income tax is spread over
..... months.
7. When does a person pay municipal tax?
.....

EVALUATION 3

Marks: 20
Time: one period

1. Indicate the nine governing regions of South Africa in the blank map provided below:



(9)

2. Indicate the responsibilities of each authority in the spaces provided below:

CENTRAL GOVERNMENT
REGIONAL COUNCILS
MUNICIPALITIES

(11)

PART FOUR

FINANCES

LESSON 10

LEARNING AREA OUTCOMES

Learners will be able to acquire and use financial data related to money and the way it is used.

SPECIFIC OUTCOMES

After the learner has worked through the lesson, he/she should be able to:

- explain what is meant by a medium of exchange;
- mention how the value of goods can be measured;
- differentiate between central and commercial banks;
- make notes on the functions of money;
- state what is understood by a cheque account;
- supply the advantages of the use of money;
- explain the difference between the depositing of money and the borrowing of money;
- discuss the term interest; and
- understand the nature and value of money.

CONTENT

MONEY AND ITS USES

Since childhood people are taught about the **value of money** and how it should be used. Money is spent on things which is regarded to be necessary for living each day. Money is taken for granted and it can barely be imagined that a time existed when money did not exist, such as in the primitive times.

Presently bronze and nickel coins and banknotes are used as money. Goods and services are bought and sold and we pay for it with banknotes and coins. Have you wondered where money comes from?

Notes and coins are issued by **central banks**. Every country has a central bank. In our country the name of the central bank is the **South African Reserve Bank**, the main office is in Pretoria. Here all notes and coins are issued or printed.

Money operates as a **medium of exchange in modern times**. This means that people receive money in payment for the goods and services they produce and sell. The **value of the goods** bought and sold is measured in terms of **money**. One kilogram of beef which costs R12 is exchanged for R12 in money. Without money there cannot be trading or exchange.

Goods and services are bought by consumers and sold by producers. These goods and services are paid with **banknotes and coins**, which is called a form of **currency**. Different countries have different currencies. In South Africa Rands and cents is used as currency. In Britain, Pounds, shillings and pennies are used. The currency in France is called Francs and in the U.S.A. dollars is used as currency.

EXERCISE 14

- The following illustration shows **money as it is used today** and what served as **money in primitive times**. Identify the objects and indicate which is today's money and which is primitive money. Write your answer in the spaces provided.



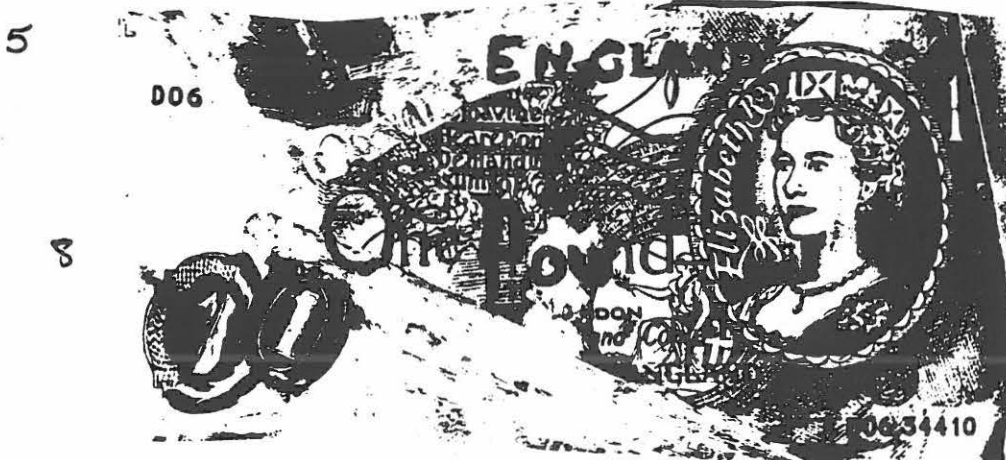
MODERN MONEY

PRIMITIVE MONEY

.....

.....

2. Here is an example of the different types of **currency** or money. Look at the sketches carefully and indicate which countries these currencies belong to as well as the type of currency. Note that the currencies illustrated do not indicate the full range in any country.



CURRENCY

COUNTRY

- | | |
|---------|---------|
| 1 | 7 |
| 2 | 8 |
| 3 ..... | ..... |
| 4 ..... | ..... |
| 5 ..... | ..... |
| 6 ..... | ..... |

3. Form groups and class and think of as many other kinds of currency as possible. See which group can name most currencies. List all the different currencies in the spaces below.

CURRENCY

COUNTRY

.....
.....
.....
.....
.....
.....
.....
.....
.....

When considering the forms of money in primitive times, the **advantages** of the **use of money** in modern times, can be the following:

- * it empowers a person who receives an income in money to **buy the goods and services** that he wants at times when he wants them;
- * because you can use money to buy goods, you do not have to produce everything for yourself, you can buy goods that other people have produced;
- * it is simple to borrow money (get a loan) to buy a house. You cannot borrow a house, but you can borrow money; and
- * it is easy to **save**, because money is worth keeping.

This means that money also functions as a **store of value** (it is worth keeping or storing). Money can be **stored in the bank** for future use (savings) or in your pocket or handbag.

It is not safe to carry cash on your person. Money should be **deposited** into a **bank account**.

The banks you and I see in the towns where we live are called **commercial banks**. These banks reserve our money in safe-keeping. Most people and businesses deposit or keep their money at a bank. The bank does not keep the money in a box, but they lend it to other people who are able to use it as well. This does not mean when in need of money, it cannot be obtained, at all times a person is able to withdraw his own money from the bank.

Most people and businesses make use of **cheque accounts** instead of withdrawing cash. All available money is paid into a bank account, which makes it unnecessary to withdraw cash from the bank to pay accounts. When an account should be paid, use is made of a cheque book. When **writing out a cheque**, the next **steps** are followed:

- * Write the **name** of the person who should be paid;
- * the **amount** of money in the indicated spaces on the cheque form;
- * **sign** the cheque; and
- * **post** it or **hand** it to the person to whom the money is owed.

The bank will then pay the person whatever amount has been indicated on the cheque. A person has to ensure that sufficient money is available in your cheque account to cover the amount of the cheque signed, otherwise the bank could refuse to pay out the requested amount.

EXERCISE 15

On the the example of a cheque form below, notice the specific spaces where particulars should be entered. Write your answers in the spaces provided. Try to identify the following particulars:

The name of the bank

The town where the bank is

The date of the cheque

The amount the cheque is written out for

The person who wrote out the cheque

YOUR BANK		63-01-35-45
Red BANK Limited/Beperk rekening/handelsrekening as Your Bank		30-07 19 96
WELKOM	or Bearer of Toender	
PAY	<i>Cash</i>	
BETAAL	<i>Two hundred and</i>	
THE SUM OF	<i>Fifty rands only</i>	
Die som van	R 250-00	
		MD DE VILLIERS Olympic Mansions 16 WELKOM
		<i>Sebastian Villiers</i>
J1 07321 630252 0227609869 11 02		

Money can also be kept at commercial banks in **savings accounts** instead of in **cheque or current accounts**. The purpose to have a **savings account** is to save small amounts of money for specific purposes or in the case of a person who does not want to make use of a cheque account.

When money is deposited in a **savings account** it means that that specific amount of money is not needed by the person depositing it for some time. While your money is in safe-keeping in the bank, the bank uses it and that person is paid for this privilege. The payment the bank makes to such person is called **interest**. Suppose an amount of R100 is saved in the bank for a year. If the bank pays 10% interest per year on savings, the amount available at the end of the year, will not be R100, but R110.

The bank does not only pay interest for money kept in safe-keeping, but the bank also lends money to individuals. Times occur when a family needs to **borrow money** for a certain event, for example, parents want to send a child to university or they have to pay for a funeral. Money can be borrowed from the bank and it is very much the same as buying on hire-purchase. An amount as deposit does not have to be paid to the bank as in the case of a hire-purchase, but the bank requires assurance from such person that it would be possible to return the money after a certain period. Such assurance can be supplied by showing your pay-slip or giving an indication of your assets.

A certain **percentage** on the amount loaned from the bank is charged in the form of interest. If R100 is loaned from the bank and the bank charges 10% interest a year, you are compelled to pay R110 instead of R100 to the bank at the end of the year.

EXERCISE 17

Answer the following questions in the spaces provided.

1. What served as money in primitive times?
.....
.....
2. A medium of exchange means that people receive
in payment for the
they produce and sell.
3. Notes and coins are issued by
4. Banks we come upon in towns are called
.....

5. Money as a store of value means that
.....
6. What can a person obtain instead of carrying cash on his person?
.....
7. The payment for depositing money in a savings account is
.....
8. Name the values of all the money found in South Africa under the following headings?
 - 8.1 Bronze (brown money)
 - 8.2 Nickel (silver money)
 - 8.3 Notes
9. Name a few commercial banks found in your town
.....
.....
10. Discuss in groups and share your findings with the rest of the class. Could you tell the difference between the South African Reserve Bank and Commercial banks?
.....
.....
.....
11. Form groups and assign a representative of each group to visit a bank in your town. Enquire which banks open a savings account and which do not. Also indicate what percentage interest those banks pay on savings.

SAVINGS ACCOUNTS OFFERED

PERCENTAGE INTEREST

.....
.....
.....
.....

NO SAVINGS ACCOUNTS OFFERED

.....
.....

12. Ask your teacher to assist in the calculation of the following interest.

Mr Modise deposited R100 in a savings account at 4% interest per year. At the end of the year, Mr Modise collected his money from the bank. What amount was he paid as interest? Indicate your calculation and the answer in the space below.

.....

.....

.....

.....

13. Complete the cheque below from the following particulars:

Mr Mbatha wants to pay Mr J. Lerato R180 on 5 July 1998.

<p style="text-align: right;">19</p> <p>AAN TO</p> <p>VIR FOR</p> <p>SALDO SAL. R</p> <p>INBEY. DEP. R</p> <p>TOTAAL TOTAL R</p> <p>TJER CHQ. R</p> <p>SALDO SAL. R</p>	<p>DIE THE</p>	<p>BANK VAN AFRIKA BPK. (DEURS. HANDELS BANK)</p> <p>OF AFRICA LTD. (NED. COMB. BANK)</p> <p>STEYNING: JOHANNESBURG</p>	<p>12-3</p>
<p>PAY/BETAAL</p>		<p>1</p>	
<p>002</p>		<p>002 "000000 1 1234561 01123000214" 01</p>	

LESSON 11

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of how to plan for the spending of money.

SPECIFIC OUTCOMES

Upon completion of this lesson, the student should be able to:

- discuss why a person should prepare a budget;
- name and discuss the important things which should be borne in mind when drawing up a budget;
- list the essential expenses which should be paid monthly;
- explain why it is necessary to save a certain amount each month;
- draw up a simple family budget; and
- use and manage scarce resources in their personal activities.

CONTENT

PLANNING FOR THE SPENDING OF MONEY

The ability to use money in a skilful way, and comfortable living, are in close association in our society. This ability is not a natural ability of people. It has to be acquired, the same as when we learn to read and write.

It is very important that young people should learn to **manage their finances in a** suitable way very early in their earning lifetime to enable them to provide for their requirements in later life. Many people do not survive in the complicated world of today because they do not plan and cannot foresee situations which could arise. They make the same financial errors year after year.

A person can certainly be called wise when **planning expenses to match income**, when such a person thinks before buying and also taking the necessary steps to make sure that what is bought monthly is no more than available income.

A sound **budget is required**. A budget is a system whereby **expenditure is planned to match income**. A sound budget is also one to match your way of living. An individual's plan should fit individual needs, not that of your neighbour.

There are certain **important things to remember** when planning to draw up a budget.

Firstly, estimate how much money at your disposal at the end of each month. Consider the available amount of money obtained through savings, as well as the amount receivable, before choosing how to spend it.

Everything a person would like to buy, he/she might not be able to pay for, so **careful planning** is needed. Always remember to spend less than you earn every month. In order to spend less, decide which expenses are necessary for the household and which are not.

The **essential expenses** which have to be paid every month are the following:

- * rent for the house, or the repayment of the loan to a building society;
- * food;
- * water and electricity;
- * payments for transport; and
- * a certain amount of clothes are needed every month and provision for this payment is essential.

Certain expenses occur only once in a lifetime, for example, the purchase of a television set or a piano. Some families choose to save until they are able to pay a deposit on an expensive article. After paying the deposit, a person has the use of the article while paying for it in instalments at the end of each month. For this reason, a person should not spend all his/her earnings each month, but should save a certain amount each month.

It gives a sense of security to know that you have saved a certain amount of money. It is important to start saving. To keep cash at home is not very safe. Open a savings account at a post office, bank or building society. Your money will be safe and should gain interest.

The following is an example of a **family budget**.

BUDGET FOR (month and year)

Expenses

Rent or repayment of loan on a home	R 410
Food	R 350
Water and electricity ...	R 110
Payments for transport ..	R 80
Recreation expenses	<u>R 60</u>
Total	R1 010

Income

Salary received (after taxes are subtracted and payments to the pension fund and medical aid fund are deducted) R1 400

Amount set aside as savings for: holidays, birthdays and festivities, the purchase of expensive items (such as radios) and unforeseen expenses R 390
R1 400

R1 400

Note that the amount of expenses plus savings, is the same amount of **salary** received. This means that:
Expenses + savings = salary.

Also notice that a person does not receive the full amount of his/her salary each month. Certain deductions are done before a certain amount is paid out. The subtractions which are deducted from a person's salary are the following:

- * taxes paid to the government;
- * payments made for medical aid to enable a person to visit a doctor free of charge, or for an agreed amount; as well as
- * payments into a pension fund which ensures that, even after a working career has ended, a payment of a certain amount at the end of each month is made by your previous employer.

The exact amount of money which each item consists of, for example, how much to budget for food, depends on different factors:

- * the size of the income;
- * where the family lives;
- * where they spend their holidays;
- * whether they have a car; and
- * the size of the family.

EXERCISE 18

Answer the following questions in the spaces provided.

1. A wise person plans his
to suit his
2. A budget is a method where
is planned to match
3. Do you consider the following a sensible budget? A person spends R540 on various things and his income is R400. Give reasons for your answer.
.....
4. Name three essential expenses which are paid monthly.
.....
5. Name an expense that occurs only once in a lifetime.
.....
6. A wise person will make sure that the amount of his
..... +
total the amount of received.

7. Do the following calculation, showing each step clearly.

Mr Xuma earns R3 000 per month after subtractions by his employer. He lives in Randburg, Gauteng. He owns a Camry motor car and has 3 children who all attend school. They holiday once a year and set R100 per month aside as savings for the holiday. The rent for his house is R1 050 per month, his water and electricity account is R550 per month. His motor car expenses are R650 per month and he pays R55 school fees per child per month.

Calculate his monthly budget.

.....

.....

.....

.....

.....

.....

.....

- 7.1 Notice that nothing was allowed for food. How much do you think would cost to feed a family of 2 adults and 3 children? Discuss in groups and indicate the amount in the space below.

.....

- 7.2 If any amount is left over, how would you suggest should the money be saved? Discuss in groups and write your findings in the spaces below.

.....

.....

LESSON 12

LEARNING AREA OUTCOMES

Learners will be able to acquire an understanding of the circular flow of income.

SPECIFIC OUTCOMES

By the end of the lesson, the student should be able to:

- explain how money moves in a circle;
- explain how a person can be a buyer and a seller at the same time;
- discuss each channel of the flow of income; and
- evaluate the economic implications of each of their roles as citizens, producers and/or consumers.

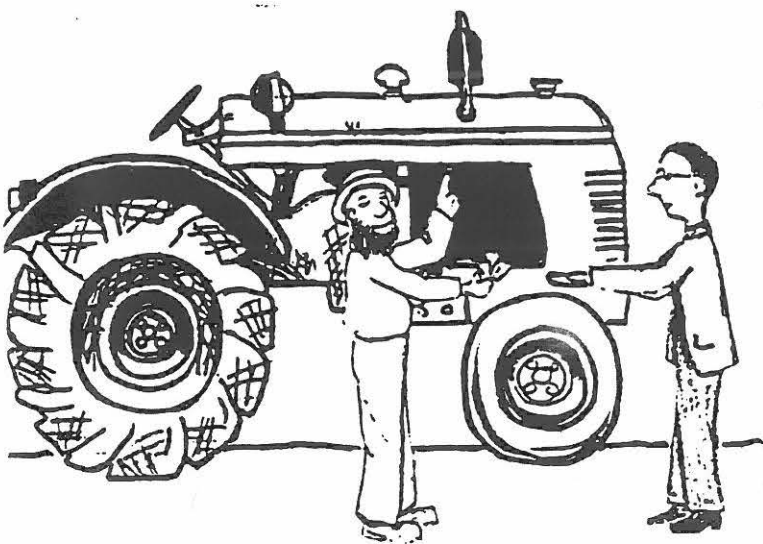
CONTENT

THE CIRCULAR FLOW OF INCOME

After considering the previous lessons, we should be able to understand that the amount of a person's income does not remain in his/her pocket, but is paid to various institutions. This means that **money** moves in a **circle**, from the employer to the person receiving the money, back to shops again.

This means that people living in a household **sell their labour** to business enterprises and at the same time **buy food** and manufactured goods from shops. Each person is a buyer as well as a seller, selling his labour and buying goods in return. Since buyers are sellers and sellers are also buyers, money moves in a circle, from buyers to sellers and back to buyers again.

The following illustration shows that a farmer can be a **buyer** and a **seller** at the same time.

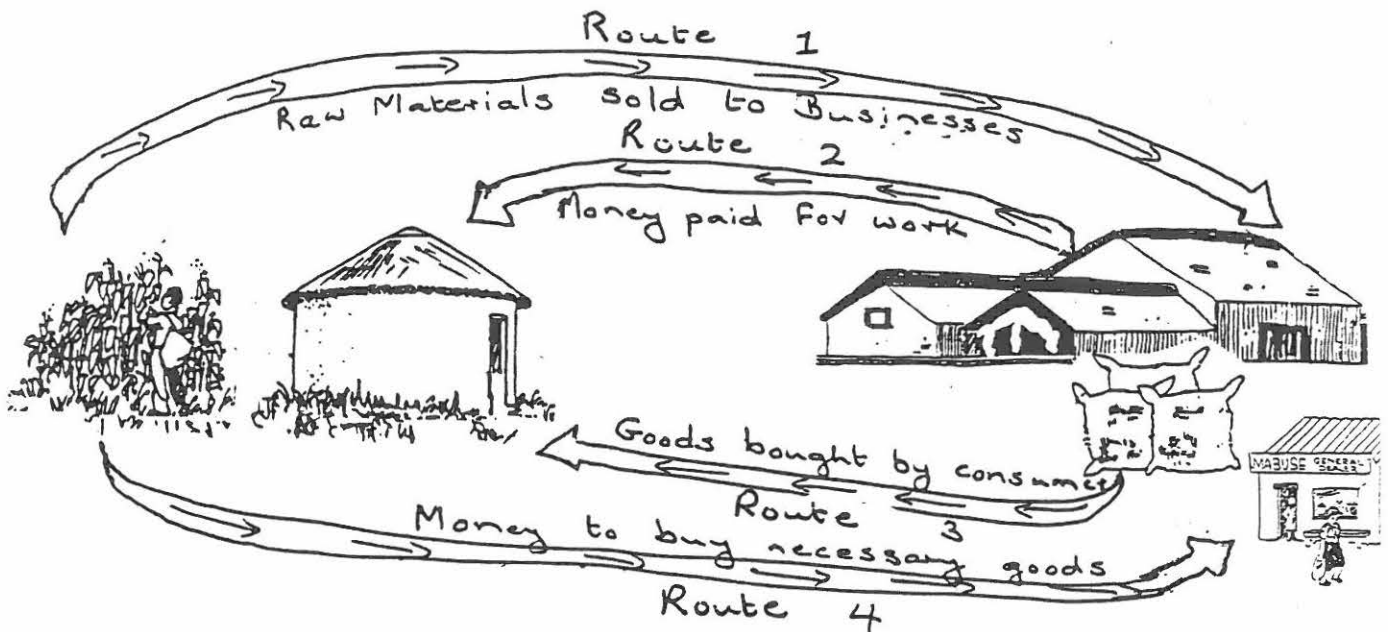


BUYING A TRACTOR



SELLING VEGETABLES

The following diagram illustrates that **production and consumption** takes place **daily**, which means that goods which are produced are being consumed daily. The diagram also shows the **circulation of production and consumption**, indicating that the **household sector**, which consists of labourers and consumers and the **business sector** are joined by four routes.



Route 1

We already know that businesses **produce goods and services**. Certain conditions are necessary to produce goods, which are called factors of production. Labour (work) is a factor of production. Labour is needed in order to produce goods. Workers live in households and sell their labour to businesses. The **services of labour** flow along route 1 from households to businesses. Other factors of production, such as land, capital and entrepreneurship flow along this channel.

Route 2

The businesses have to **pay workers** for their labour. The payment that the workers receive is called an income. Therefore **income, in the form of money**, flows along route 2 from businesses to households. Income earned from other factors of production also flows along this route.

Route 3

The **income received** by households in exchange for the services of all their factors of production is **spent on goods and services** which satisfy the needs of the household. (These needs include such things as food, clothing, entertainment and education).

Route 4

The **income** which households spend on the goods and services **flows along route 4 back to the businesses**. This provides the businesses with enough income to produce more goods and services.

EXERCISE 19

Answer the following questions in the spaces provided.

1. When a person sells his labour, what does he receive?
.....
2. Money is used to
3. A farmer can be a buyer when he buys
and he can also be a seller when he
4. Name a few things a farmer has to buy.
.....
.....
5. The services of labour flow along channel 1 from
..... to
6. Workers are paid for their labour, therefore money is
paid to workers and the money flows from
..... to
7. The income received by workers is spent on
8. This means that the money flows back to
9. Refer to the illustration in the diagram on the previous
page and answer the following questions:
 - 9.1 What is the raw material pictured in the diagram?
Route 1.
.....
 - 9.2 What is the money paid for the work in route 2, called?
.....
 - 9.3 What goods are bought by the consumer in route 3?
.....
 - 9.4 Refer to route 4. Where do the people get the money from
to buy necessary goods?
.....

10. Form groups in class and each group consider another raw material which can be used to draw a diagram of the circular flow of money. Draw the diagram on this page. Indicate in each case what goods are produced from the raw material.

THE CIRCULAR FLOW OF MONEY

RAW MATERIAL USED AS EXAMPLE

FINAL PRODUCT

LESSON 13

LEARNING AREA OUTCOMES

Learners will be able to demonstrate an understanding of financial institutions.

SPECIFIC OUTCOMES

On completion of the lesson the student should be able to:

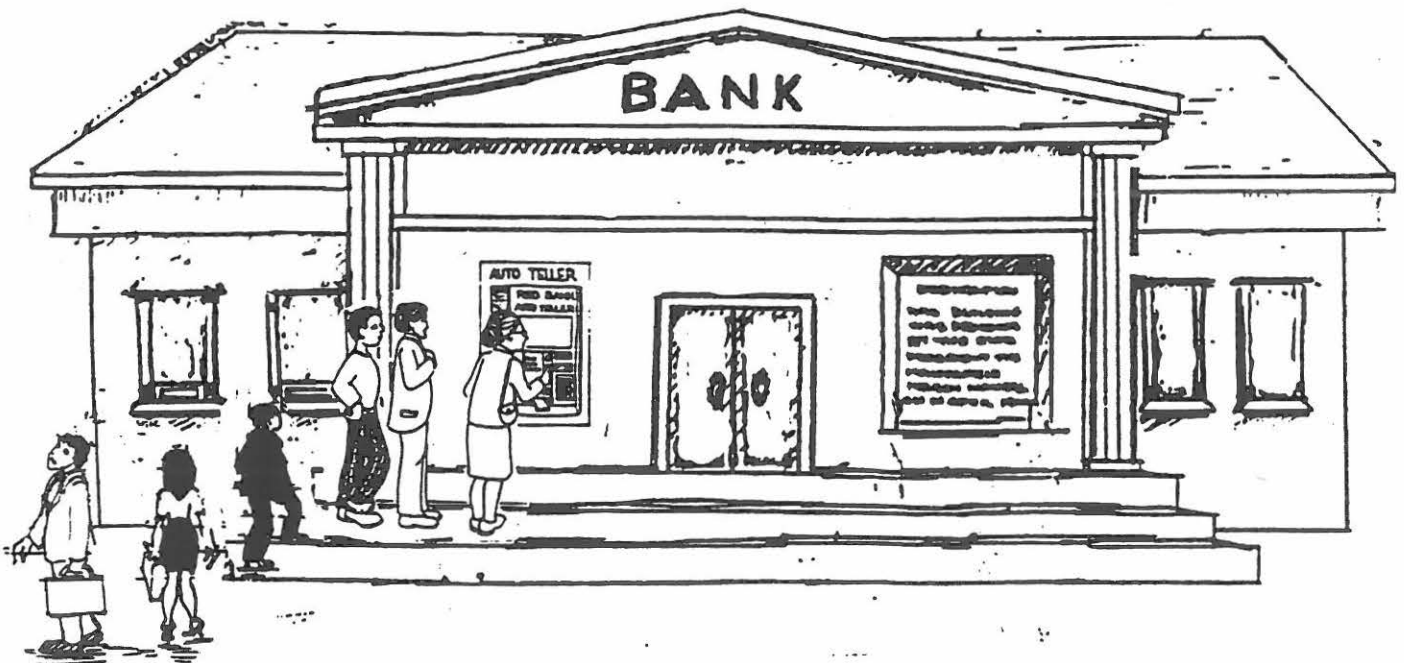
- name three financial institutions in South Africa;
- discuss the function of banks, building societies and insurance companies in short;
- explain what is meant by a life insurance policy;
- discuss short-term insurance; and
- evaluate the economic contributions made by mentioned role-players.

CONTENT

FINANCIAL INSTITUTIONS

There are many types of organizations which **deal with money**. These organizations are called **financial institutions**. A total of 27 different types can be found in Southern Africa. Only three will be considered, and they are: banks, building societies and insurance companies.

All three of these organizations accept money from people and businesses. This money is made available to other people and businesses in the form of **loans**.



BANKS

Banks accept **deposits** from the public, in which case money and other valuable goods are kept in **safe-keeping** by the bank. **Interest is paid by the bank** to the person who **deposits his/her money**.

Banks also **transfer** money between the **accounts** of different people, which means that it is not necessary to pay another person in a different town in cash. The bank transfers the money when the client requests such a transfer.

Banks also **lend money** to their clients and then they charge **interest** on the loan. This interest payment empowers the banks to perform various services to the public.

BUILDING SOCIETIES

Building societies also deal with money of people in the form of savings, but the specific purpose of building societies is subsidizing **housing loans**.

People are able to buy houses with the help of the building society. The building society pays the amount to the seller of the house in full and the buyer pays a certain amount monthly to the building society. The society adds a certain amount of interest to your loan, which is 20% presently. For instance, your housing loan is for R20 000, and if interest is added, the house will cost R24 000. Housing loans are usually paid back over a period of 10 or 20 years.

INSURANCE COMPANIES

Households face two different types of **risks** which can cause great hardships if they occur. The breadwinner of a household may die or become disabled, and disasters like fire, a flood or theft may occur.

The life of a **person** can be **insured** for an agreed amount of money at a certain monthly payment and when that person dies, the amount of money that was agreed upon, is paid to the estate or a member of the family of the person who has died. This is called a **life insurance policy** and such policies are sold by life insurance companies. The monthly payment is called a premium.

A household or a business can **insure** their assets against **losses** that may take place, for example, fire, floods, theft, burglary, damage to property, accidents and political unrest. A monthly premium is paid in this instance. This is called short-term insurance because it has to be renewed annually. It provides security for households and businesses because it ensures that a certain amount is paid to the insured person if ever such an event should occur.

An illustration appears on the next page.

The illustration below shows the three financial institutions dealt with. Identify each type and write your answer in the spaces provided.



BANK

BUILDING SOCIETY

INSURANCE COMPANY.....

EXERCISE 20

Answer the following questions in the spaces provided.

1. Institutions that handle money only are called
.....
2. Banks keep money in
3. Banks also money between accounts.
4. Banks also money to clients.
5. Building societies award
6. Name two risks faced by households which can cause hardships.
.....
.....

7. Which other financial institutions are found in your town. Indicate the names in the spaces below and also write down the name of the street where they are found.

7.1 BANKS

.....

.....

.....

7.2 BUILDING SOCIETIES

.....

.....

.....

7.3 INSURANCE COMPANIES

.....

.....

.....

8. Form groups in class and the representative of each group visits an insurance company. Find out what different types of insurance exists. Compare your findings with the rest of the class and make a list of the kinds of insurance.

.....

.....

.....

9. Each group could also make a collective poster of the company they made a study of, showing different aspects of the company in perspective. These posters could be displayed in the classroom.

LESSON 14

LEARNING AREA OUTCOMES

Learners will be able to acquire an understanding of automatic teller machines and credit cards.

SPECIFIC OUTCOMES

After this lesson has been completed, the learner should be able to:

- explain what is entailed by a teller machine card;
- discuss how an automatic teller machine works;
- shortly discuss the use of a credit card; and
- use data to make accountable decisions.

CONTENT

AUTOMATIC TELLER MACHINES AND CREDIT CARDS

These are two services which the modern world provides in the scope of money.

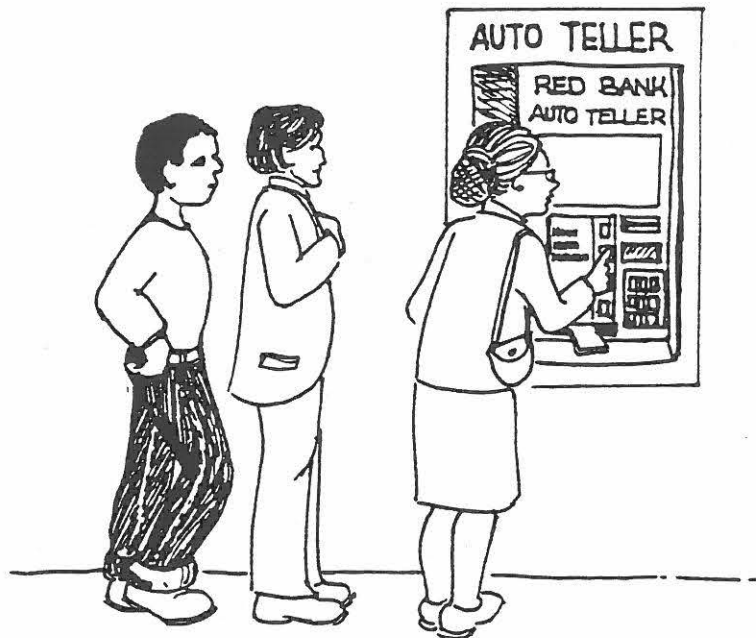
AUTOMATIC TELLER MACHINES

Only an **employed person** with a cheque or savings account may make use of this service. The customer has to apply at a bank and the credibility of such person should be approved of before he can be issued with a **plastic card**. This card serves as indication of the fact that you are linked with the automatic teller machines all over the country.

In the case of the **teller machine card**, you are also issued with a **secret code number**. To withdraw cash, the customer inserts his card into the slot of the machine when the machine requests him/her to do it. Following the instructions indicated by the machine, the person then types in his code number on a set of buttons. Other required information is also entered into the machine, such as the type of banking account, for example, if you have a cheque or a savings account or if you want to withdraw money or only enquire about your balance in your bank account. Next you have to indicate the amount you want to withdraw and the machine asks you to wait while it is counting the notes.

The **cash** is then **withdrawn** from your account by **computer** and issued to you through a slot in the machine. The machine also issues a printed statement of your banking details. Nobody is allowed to withdraw more cash than is available in his personal account. The service also subtracts a small amount from your banking account to cover the expenses of such a transaction.

In the illustration you will see an example of people using an automatic teller machine.



CREDIT CARDS

The credit card has recently been introduced by banks. It is used to pay the **accounts of a client** by means of a **bank credit card**. Credit cards can be used by businessmen and other clients of commercial banks. This can also be used by people who do not want to carry large amounts of cash needed to pay for purchases, and to avoid issuing many cheques for small amounts.

A **credit card** is issued on application to a holder of a **bank account**. This card is only issued according to the financial position of the applicant which is called a **fixed limit**.

By making use of the credit card a client can buy goods at places where he/she is not well known. When buying goods, the following should be done:

- * display the credit card to the shop assistant and the particulars are entered by computer in the books of the store;
- * the store sends the particulars to the bank of the client; and
- * the bank undertakes to pay the accounts to all the dealers when the credit invoices or credit card sales documents on which appear the client's name and credit card number, are received from the store.

An example of a credit card appears on the next page.

Here are examples of credit cards.



EXERCISE 21

Answer the following questions in the spaces provided.

1. Answer the following question by writing yes or no.
Automatic teller machines and credit cards were provided in olden times.
2. Complete this sentence: If you want to apply for an automatic teller machine card, you have to be an person with a or a account.
3. Cash is withdrawn by
4. Why do people and businesses make use of credit cards?
.....
.....
5. What is paid for by means of a credit card?
.....
6. A credit card is only issued to a holder of a
.....
7. The particulars of the purchases are entered by in the books of the store.

8. Do you own a credit card? Each student in the class owning a credit card, bring it to class to show the rest of the students. Count how many kinds of credit cards you know about and write the names of the different credit cards in the spaces below.

.....

.....

.....

9. Who owns teller machine cards? Bring it to class and show the rest of the class. Write down the different kinds of cards and also indicate the street in your town where a teller machine of that kind can be found.

KIND OF CARD

STREET WHERE MACHINE IS

.....
.....
.....
.....

10. Enquire about problems that could be experienced when using a teller machine card from people who have knowledge about strange occurrences. Write the problems experienced in the spaces below.

.....

.....

.....

11. Discuss what measures could be taken to avoid having your card or your money stolen at teller machines. Write proposals in the space below.

.....

.....

.....

LESSON 15

LEARNING AREA OUTCOMES

Learners will be able to comprehend credit transactions and related concepts.

SPECIFIC OUTCOMES

By the time this lesson is completed, the learner should be able to:

- explain what is meant by the term credit;
- discuss instalments;
- supply an example of a credit transaction;
- calculate hire-purchase transactions;
- explain finance charges; and
- demonstrate an understanding of the social environment.

CONTENT

BUYING ON CREDIT (ON ACCOUNT)

It is not always desirable to pay cash for purchases. It is possible to buy on **credit**, which means that one buys on **account**. The following situation serves as an example. You badly want to buy a radio, but do not have the cash to pay for it. This means that possibly, you would never be able to possess a radio. What can one do be able to buy a radio? There are two ways in which this problem can be solved. Firstly, try to borrow the money from your parents or somebody related to you. Secondly, ask the shopkeeper to reserve the radio and pay him after saving the money, but as this is not possible in business, the shopkeeper prefers to sell the radio to the first person who hands him the cash.

When using borrowed money, and you are a student without income, it means that you will have to pay it back at the end of each month with the leftovers of your pocket money, or you will have to get yourself a Saturday job. That means that a certain amount is paid at the end of every week. These payments are called **instalments**.

Instalment sales or (hire-purchases) make it possible for people or businesses to buy expensive things like furniture, television sets and motor cars on **credit**. This means that one is buying on **account**. The goods become your possession and payment is made on a **later date**.

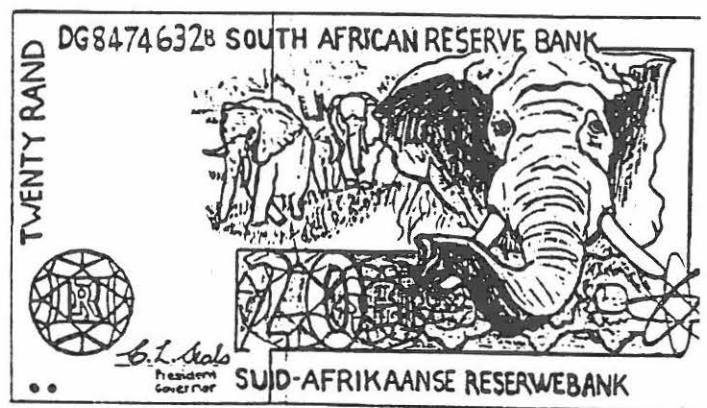
When buying on instalment from a store a certain amount required by the store is paid as a **deposit** and the difference paid in monthly instalments over a specified period, usually a year or two years. These stores also **add interest** which is an extra amount paid as reward to the store for allowing a longer time in which to pay for whatever has be purchased or bought.

For example, buy something with a cash price of R100 on instalment. Pay a deposit of say, 20%, which amounts to R20. The difference is paid over a specified period, in this case, a year, in monthly instalments of R10 per month. Over a period of a year the instalments total up to an amount of R120. This amount includes the interest, which means that an extra amount above the cash price of R100 is paid for the article.

The following illustration serves as an example of such a transaction. A radio with a cash price of R100 is bought on instalments. A deposit of R20 is paid, thereafter 12 instalments of R10 is paid, which totals to R120. This adds up to R140, indicating that the finance charges or interest is R40 when buying the radio on credit.



Deposit



Instalments : 1 January to 31 December
 $R10 + R10 + R10 + R10 + R10 + R10 + R10 + R10 + R10 + R10 + R10 + R10$
 Deposit R20
 12 Instalments R120 = R140
 Cash price 100
 finance charges R40 Extra

On the other hand, a person who has the cash available could earn a discount of up to 15% and the article would then cost R85. Note the difference of R35 ($R120 - R85$) between the cash price paid and the price you have to pay when buying on instalments or on account in the first example. Therefore, it is better to buy for cash, because money paid as **finance charges** (interest), is money that could have been used in a better way.

Credit purchases may also cause trouble and worry to a person because instalments have to be paid monthly and one does not always have extra money after all expenses have been paid at the end of the month. This means that a person should be careful not to buy luxuries (e.g. a video machine) on credit without being able to afford it.

EXERCISE 22

Answer the following questions in the spaces provided.

1. Buying on credit means buying on
2. Payments made on credit purchases are called
.....
3. Buying on instalment means paying at a
.....
4. The first payment when buying on credit is called,
.....
5. The store adds as reward which the store charges for awarding a longer time to pay.
6. Interest the store adds to the cash price of the purchase bought on instalment is also called
.....
7. Why should a person be careful not to buy luxuries on credit?
.....
.....
8. Some stores only sell for cash and others sell for cash as well as on terms or on hire-purchase. Make a list of all the stores in your town only selling for cash and other stores selling on account.

STORES SELLING FOR CASH ONLY	STORES SELLING ON ACCOUNT
------------------------------	---------------------------

.....
.....
.....
.....

9. Discuss what types of goods can be bought on hire-purchase. See who makes the longest list of goods.
-
-
-

10. Read the information and tick the correct answer.



TEK 51CM COLOUR TV

- Twin speaker
- Interactive menu control
- Auto programming
- Sleep timer
- 1 year guarantee (07808017)

ONLY R2 999

DEPOSIT R360. MONTHLY R150x24

SERVICED BY: **TELEFUNKEN**

- 10.1 What is the cash price of the TV? R3 600
R2 999
- 10.2 How much is the deposit? R150
R360
- 10.3 How much is the instalment? R360
R150
- 10.4 For what period do you pay instalments? 15 months
24 months
11. Calculate the extra cost of hire-purchase or HP



HP PRICE

Deposit
+ Instalments

..... x =

HP Price =

EXTRA COST

HP Price

- Cash Price

= Difference

R2499
 Dep. R300 • R125pm x 24

EVALUATION 4

Marks: 30

Time: one period

1. Do the following calculations, showing each step clearly:

Mr Kosana earns R2 000 a month after subtractions by his employer. He lives in Sasolburg and has 2 children who attend the local school. He uses a bus to go to work and his bus fee is R50 per week. The rent for his house is R750 per month and his water and electricity account is R400 per month. School fees are R30 per child per month. He also has a life policy at Sanlam which costs him R1 200 per year and he pays R20 per month toward a tea fund at his work. He saves R100 per month for unforeseen expenses.

1.1 Calculate his monthly budget (10)

1.2 Indicate how much he has left to spend on clothing each month. (2)

1.1

.....

.....

.....

.....

.....

.....

.....

.....

1.2

2. Do the following calculations and show each step clearly:

John buys a pair of roller skates on hire-purchase.
The price of the skates is R99.
He pays a deposit of R15 and agrees to pay the outstanding amount over a period of 6 months.
He pays 6 instalments of R15 each.

2.1 Calculate the full amount he paid for the roller skates(6)

2.2 Indicate how much he had to pay as finance charges (2)

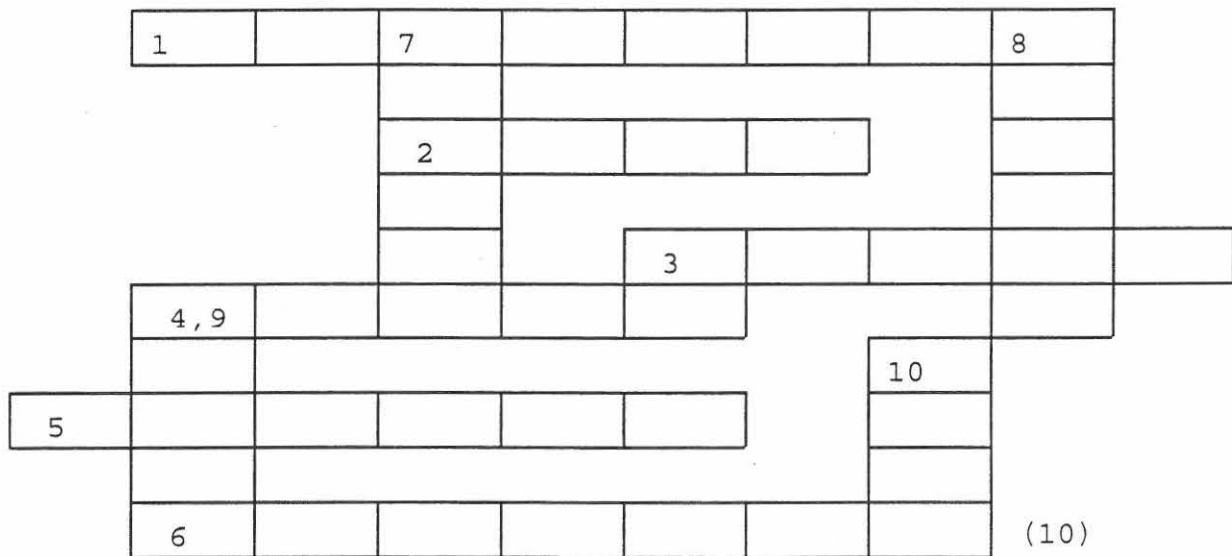
3. Use the following economic terms to complete the blockword puzzle:

ACROSS

1. Essential payments each month
2. Borrowed money
3. Currency
4. A person who buys goods
5. Your salary
6. Money put aside

DOWN

7. Used for insurance
8. A person who sells
9. Put your money there for safekeeping
10. An entrepreneur usually a business



PART FIVE

ENTERPRISES

LESSON 16

LEARNING AREA OUTCOMES

Learners will be able to demonstrate the ability to explore entrepreneurial opportunities through an understanding of the different forms of ownership.

SPECIFIC OUTCOMES

By the time the lesson has been completed the learner should be able to:

- list the four forms of ownership;
- discuss the characteristics of each form of ownership;
- differentiate between forms of ownership;
- identify and explore business opportunities beginning with their own environment; and
- develop the characteristics of an entrepreneur.

CONTENT

FORMS OF ENTERPRISE

All people **work** to **earn a living**. Some people work for others, and, as we have noticed, there are people that have to work for themselves. They control and own business enterprises.

There are several **forms of enterprise**:

1. THE SOLE TRADER

One person starts his own business and **controls it himself**. That is why it is also called a **one-man business**. This person usually uses his own money to start the business. Whatever profits he makes from the business, belongs to him/her as owner.

If business goes wrong, the owner is the only person who will bear the risk of losing money. The owner employs workers, called employees, as assistants, but he/she is the person who remains in charge of the business.

2. THE PARTNERSHIP

When a sole proprietor wishes to enlarge his business, he has the option to go into a **partnership**. A partnership means that **more than one person** has a share in the business. Each partner supplies a portion of the capital (money) needed to operate the business.

Each partner can also present whatever knowledge and skills he can provide towards the running of the business. An example of a partnership is when two doctors join their skills to the advantage of both. They share whatever risks that may be experienced, but they also share the profits.

3. THE PUBLIC AND PRIVATE COMPANY

A company is formed when **many people join to form an organization with the purpose to make a profit. Shares** are sold to the public at a certain price per share in order to obtain the necessary capital. People owning shares are called **shareholders** and a certificate is handed over as proof of the amount of shares owned in the company. A company should have at least seven shareholders.

The name of a public company always ends with the word **Limited**. The name of a private company ends with the word **Proprietary Limited**, as specified by the Company's Law.

Companies are managed by **directors** selected by the shareholders. The profit is divided between the shareholders in the proportion of how many shares each person owns and it is called **dividends**.

4. THE CLOSE CORPORATION

A close corporation is formed when members of a family or some closely related people join to run a business. The corporation itself is responsible for the debts and not the members, even when the corporation has only one member. This protects the owner of the close corporation from losing all his money or personal belongings if the corporation goes bankrupt.

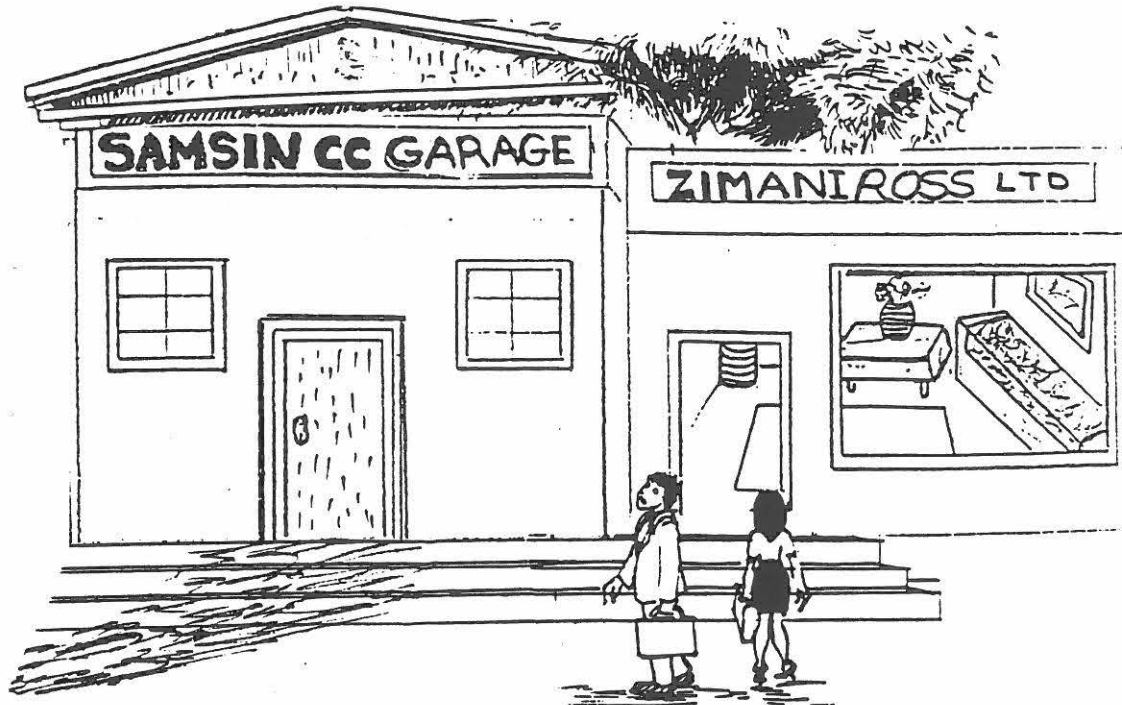
The name of a close corporation ends with the letters CC.

EXERCISE 23

Answer the following questions in the spaces provided.

1. Give another name for a sole trader
2. A sole trader uses his money to start a business.
3. A partnership indicates that there is one person in the business.
4. The capital of a company is provided by the selling of
5. Companies are managed by
6. In a partnership the partners share the risk, but they also share the

7. In a company the profit is divided between the shareholders and called
8. The illustrations below show the different forms of enterprise. Identify each form of enterprise. Write the name of each enterprise next to the heading provided.



SOLE TRADER

PARTNERSHIP

PUBLIC COMPANY

PRIVATE COMPANY

CLOSE CORPORATION

9. Divide the class into 5 groups. The first group write down the names of all sole traders in your town. The next group write down the names of all partnerships, the other of all public companies, the other of private companies and lastly the names of close corporations in the spaces below. Compare your findings and add the extra information to your list.

SOLE TRADERS

.....

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.....

.....

PARTNERSHIPS

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.....

.....

PRIVATE COMPANIES

.....

.....

.....

.....

PUBLIC COMPANIES

.....

.....

.....

.....

CLOSE CORPORATIONS

.....

.....

.....

.....

Below appears a page from a telephone book. Try to identify as many of the 5 groups of enterprises as possible. Draw a circle around all sole enterprises, draw a line under all partnerships, make a cross over all public companies, a circle in another colour around all private companies and a line in another colour under all close corporations. Write the total of each form of enterprise in the spaces provided.

CONTINENTAL CARS: 55 7155
 Authorised BMW Dealer 306
 MainSt
 Facsimile 56 1497
 Service & Parts 6 ButlerSt 56 4381
CELLULAR PHONE 083252 9064
 After hours Paging Service 503 4100

CONTROL INSTRUMENTS 43 1811

VDO: Tagograwe &
 Tydinstrumentasie Kempstonwg 304
 Bus 571
FAKSIMILE 43 3817
 Selluliere Foon 082554 5970
 Selluliere Foon 082554 5968
 Selluliere Foon 082554 5971

CONTROLAIR CC: Airconditioning & 31 1488

Refrigeration 330 CapeRd
 Box 34487 NewtonPark
 Cellular Phone 082800 9287
CONTRONICS CABLES (PTY) LTD 61 1444
 ChevroletSt Mrlman

COOPER AB 11 SapphireCres BysnPrk 083 3569
 AG 121 MarineDve 036 1998
 AM 28 Laroche Hmewd 052 2870
 Andrew 163 WaterRd Wlmr 51 3316
 AW 12 PheasantRd Wlmr 32 4071
 BJ 23 KanameSt Ctswid 31 1556

COOPER BROTHERS RENATE 2 052 3774

HavelockSq

COOPER CG 19 VilliersRd Wlmr 51 1270

O 67 MurrellCres Frmsby 30 3914

COOPER & DE BEER (PTY) LTD Cement 486 2264

Distribtrs GrahamstwmRd DiPrty

Box 3755 NorthEnd

Facsimile 486 2263

Paging Service 503 4100

CO-OPERATIVE SHIPPING 55 9559

SERVICE LTD: NorwichLife

Cntr MainSt Box 110 TA Fruchange

FAKSIMILE 55 4126

COLD STORAGE ROOMS 61 1331

AFTER HOURS: Manager 73 2758

Assistant Manager 51 1745

COOPERS & LYBRAND: Chartered 55 7091

Accountants 29 WesternRd Box 411

FAKSIMILE 55 5513

Micro Computer 56 1294

CO-ORDINATED TRANS- 42 2126

PORT SERVICES

LTD: Freight Specialists StruanWy

Strmdle Box 14047 Sidwell

FAKSIMILE 42 2004

COPALCOR TRADING (EDMS) BPK: 486 2152

Koper Geelkoper Brons Darbystr 1

DiPrty Bus 9094 Estadeal

FAKSIMILE 486 2114

COPALCOR TRADING (PTY) LTD: 486 2152

Copper Brass Bronze 1 DarbySt

DiPrty Box 9094 Estadeal

FAKSIMILE 486 2114

COPATO Edward 13 KalotaCres Chtty 81 3270

CORDUSTEX MANUFACT- 51 585:

URING (PTY) LTD: Textile

Manufacturing CaravelleSt Wlmr

FAKSIMILE 51 5841

CORE STORES 79 GrahamstwmRd Nrth 57 1341

End

Facsimile 57 1697

CORING John CarltonCrt 15 PrnsnHl 33 2011

RH 92 ProspectRd Wlmr 51 3921

CORIUM CHEMICALS 775 145

CORK INTERIORS CC 8 BradshawSt 34 222

EARLY BIRD SERVICES LTD

TV REPAIRS: 562 MainSt 57 2064

Facsimile 57 2069

APPLIANCE DEPOT: 562 MainSt 57 2072

NEWTON PARK

Facsimile 35 1905

TV REPAIRS: 2a ParktonArc 35 1903

CapeRd

VIDEO REPAIRS: 2a ParktonArc 35 3581

CapeRd

EARLY LEARNING CENTRE: Chamber- 57 3964

Hse 22 GrahamstwmRd

EARTH WORKS: Soil Lawn Excavations 30 7801

41 CaledonSt Shwd Box 7156 New-

tonPark

EARTH-TEK (EDMS) BPK: 54 4543

Slydele vir Grondwerkture Paterson-

wg 46 Bus 2725 Noordeinde

FAKSIMILE 54 4051

NA URE 73 3445

66 7117

EARTH-TEK (PTY) LTD: 54 4543

Earthmoving Wearing Parts 46

PatersonRd Box 2725 NorthEnd

FAKSIMILE 54 4051

AFTER HOURS 73 3445

66 7117

EARTH-WIZE: Box 15217 EmeraldHill 55 9789

EARY Paul 9 CamoenRd Lnsde 34 1824

EASCAPE FIRE CC: Fire Pro- 43 1964

tection Engineers 94 SuttonRd

Sdwl Box 2909 NorthEnd

FAKSIMILE 43 5701

CELLULAR PHONE 082652 1568

AFTER HOURS 72 1568

PAGING SERVICE 34 2211

E P RUBBER STAMP CO (PTY) LTD: 54 7201

Express Service 669 MainSt 57 2362

Box 2309 NorthEnd

FAKSIMILE 54 7278

E P SCAFFOLDING CC VdSteiScntr 30 7208

VdSt

E P SCHOOL BUILDING TRUST 54 5241

FergusonRd DiPrty Box 22827

Facsimile 54 5240

E P SIGNMAKERS & ENGRAVERS 25 54 1118

DobsonSt NrthEnd

E P SOC OF FINE ARTS 36 BirdSt 55 3641

E P STEEL (PTY) LTD 8 KwafordRd 41 3747

Strmdle

E P STOCKCAR CLUB 54 3858

EPStockcarClubhse Sdnhm

E P TENNIS ASSN ParkDve 55 1059

E P TENPIN BOWLING ASSN RingRd 33 7122

Greenacres

E SNELL & CO 48 BroadSt NrthEnd 54 4834

Facsimile 54 4939

Facsimile 54 4936

E & S TAKE AWAYS: Tasty Take- 54 4780

aways 57 CawoodSt NrthEnd

E T A AUDIO-VISUAL EQUIPMENT: 54 3619

AV Officeware 390 MainSt Box 2949

NorthEnd

Facsimile 54 3677

E T A AUDIOVISUELE TOERUSTING 54 3619

Hooftstr 390

Facsimile 54 3677

E T AUTO REPAIRS SpondoSt Zwide 64 2667

E P MOULDED PRODUCTS 41 3008

LTD: Canopies/Fibreglass Products 41 3127

JutaRd NveInshp Box 284

GREEFF WESSEL & STRYDOM Chtrd 56 1034

Accntnt Audtr Verloyhse CampbellSt

Box 12153

GREEFF WESSEL & STRYDOM Geoktrde 56 1034

Rekenmstr Oudtr Verloygeb Campbell-

str Bus 12153

GREEFF'S TRANSPORT Landmanstr 73 3378

Thscmb

GREEK CONSULATE: 30 MainSt 55 1976

Box 21450

GREEN A 34 WilliamSt NwtnPrk 35 1860

AG 44 SherlockSt 56 4711

AH 6 MildonRd WlmrDwns 32 2395

AJ 6 WhitneyAv Frmgln 31 3315

AT 10 StrydomSt RwltnPrk 71 5978

AW Pit 63 BushyPrk 73 3546

B 222 CapeRd MllPrk 34 5402

GREEN BICYCLES: WalmerPrkCntr 38 2483

MainRd Wlmr

GREEN BRUCEA 49 EastbournRd MtCrx 33 2745

CD 46 FairhamSt AlgPrk 42 7408

CharlieE 36 RademeyerCres RwltnPrk 71 1813

ClvnsT 65 KnhurRd Givndle 456 1362

GREENBUSHES HOTEL: 72 1311

xTYTY Functions Restaurant CapeRd

Gmbshs Box 10236 LntnGrng

FAKSIMILE 72 2072

OFF-SALES 72 1311

VISITORS 72 1804

GREENBUSHES SERVICE STATION Old- 72 1972

CapeRd Gmbshs

GREENBUSHES SUPERMARKET 72 1114

GREENCARE LANDSCAPERS: 24 38 5018

AisneRd Lorme Box 19366

LintonGrng

GREENE ERROL AIRCONDITIONING 33 55 5055

StPatricksRd

Facsimile 55 3663

GREENE MJ 8 MackaySt 052 1365

RAF 38 ShirleySt NwtnPrk 31 2698

RW 102 HeughRd Wlmr 51 5212

GREENER IR 11 MowbraySt NwtnPrk 35 5321

GREENER LANDSCAPING & IRRIGA- 35 5321

TION: Garden Watering Equipment

11 MowbraySt NwtnPrk

Facsimile 35 5321

GREENFINGERS (EP) CC: Horticul- 54 4522

tural W'salers/Distrs ColhiltaelCntr 9

BrasselSt Box 3335 NorthEnd TA

Greenfingers

FAKSIMILE 54 1028

After hours 30 4779

CELLULAR PHONE 082554 1709

GREENGRO INDOOR GARDENS 107 30 1251

WarblerSt Ctswid

GREENHOUSE TEA-HOUSE THE NURS- 775 1350

eryTea Garden OldCapeRd StAlbns

Facsimile 775 1088

GREENING G 3 CrozantSt Lorme 32 3961

K 34 ParkDve 56 0290

GREENLAWNS SPRINKLER & IRRIGA- 32 1123

TION SYSTEMS: Manual & Auto-

matic 38a DijonRd Lorme Box 7449

NewtonPark

FAKSIMILE 32 1154

AFTER HOURS 73 2034

GREENSHIELDS PARK SUPERETTE: 32 4483

Supermarket & Bakery 7 Swallow-

Cres GmshldPrk

Facsimile 38 1043

GREENSLADE RJ 72 KarminDve SthFork 55 5158

GREENSLEEVES SPRINKLER SYS- 72 1481

TEMS: Box 50776 ClnGln

CELLULAR PHONE 083227 1796

GREENSRITH LT 24 ChurchRd Wlmr 51 1253

GREENSTEIN AJ 30 12Av Wlmr 51 5048

F 301 SmmrStnd 53 1330

GREENVILLE PRIMER Bassonstr Chtty 81 2464

GREENWOOD CONSTRUCTION CC: 51 1555

Building Contractors 52 ThomasRd 51 2145

SOLE TRADERS PARTNERSHIPS.....
 PUBLIC COMPANIES..... PRIVATE COMPANIES.....
 CLOSE CORPORATIONS

LESSON 17

LEARNING AREA OUTCOMES

Learners will be able to acquire the ability to explore entrepreneurial activities by gaining knowledge of the chain of distribution in business.

SPECIFIC OUTCOMES

At the end of the lesson, the learner should be able to:

- explain the role of a retailer, the wholesaler and manufacturer;
- list the institutions involved in the chain of distribution;
- identify and explore business opportunities beginning with their own environment;
- identify and develop the characteristics of an entrepreneur; and
- identify and evaluate the economic contributions made by mentioned role-players.

CONTENT

THE CHAIN OF DISTRIBUTION

Some pupils cover their school books with a colour paper of their choice.

Where did the pupil get the paper? The paper was bought at a shop. The shop is owned by a shopkeeper. He/she is also known as a **trader**. We buy whatever we need every day from the shopkeeper. **Goods are sold in small quantities** and such a person is called a **retailer**.

Where did the **retailer** get the paper from? The retailer bought the paper from a **wholesaler**. Wholesalers sell only **large quantities** at a time (e.g. 100 rolls of paper) to the retailer. The term wholesaler means selling in whole or large quantities. The wholesaler never sells goods directly to the consumer but only to other traders or shopkeepers.

Where did the wholesaler get the paper from? The wholesaler bought the paper from the **manufacturer** who is the owner of a **factory**. In this factory paper is made or manufactured from woodpulp, which is wood mashed to a paste and then made into paper.

Where did the manufacturer get the wood from? The manufacturer bought the wood from the **producer**. The producer grew the trees from seeds he had planted. Trees are usually cut down when reaching a certain height, sawn into different shapes and then sold to the manufacturer.

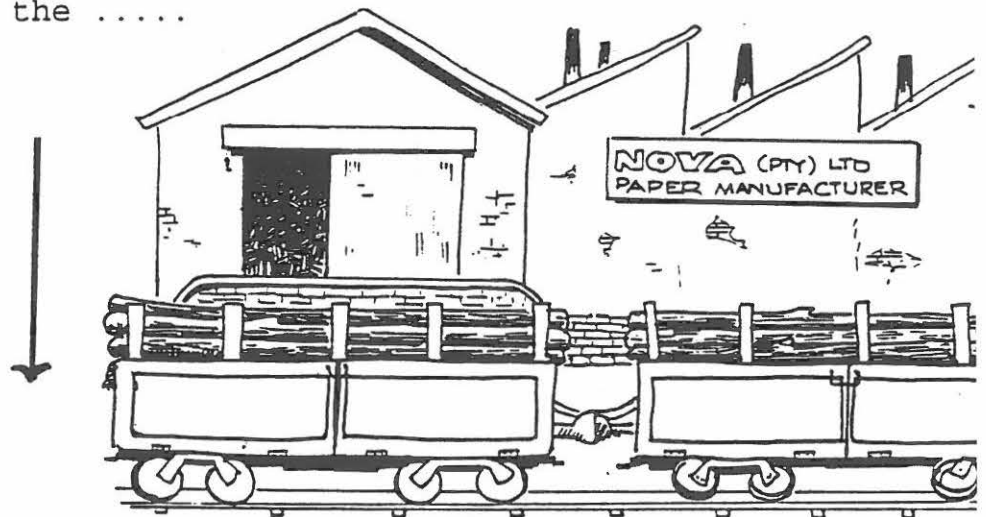
The retailer, wholesaler, manufacturer and producer all play a part in the **chain of distribution**.

The chain of distribution can be illustrated as follows:

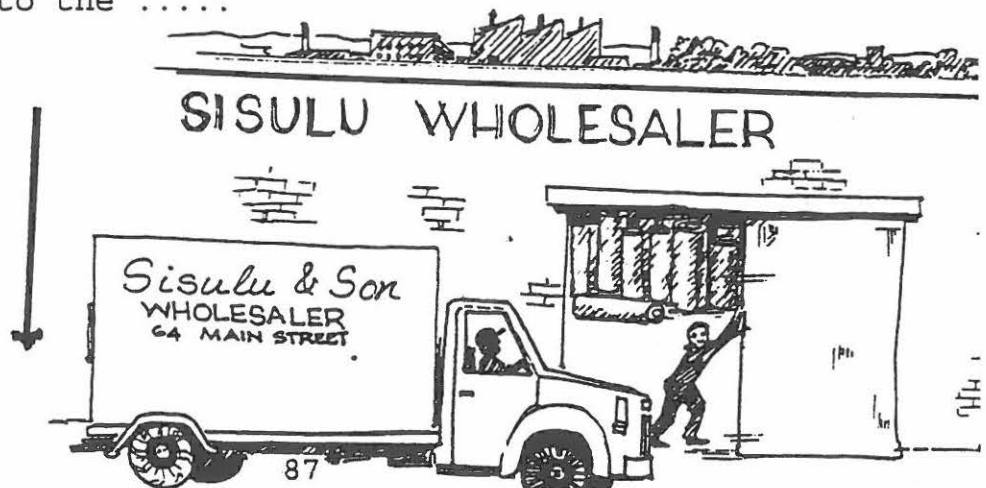
1. **Producer.** The trees are produced by the producer. The logs are then sold to the



2. **Manufacturer.** The manufacturer saws the wood and makes the paper pulp. The pulp is made into all kinds of paper. The paper is put in a box and sold to the



3. **Wholesaler.** The wholesaler buys paper from the manufacturer in mass and then it is sold in large quantities to the



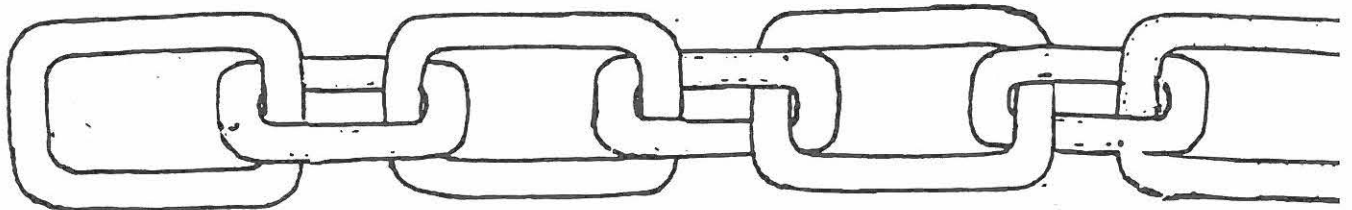
4. **Retailer.** The retailer sells the paper in small quantities or as a single roll to the



5. **Consumer.** The consumer buys one or two rolls of the paper



Here follows an illustration of the chain of distribution in the form of a metal chain. Write the institutions represented in the fitting spaces on the chain. The shorter links in the chain represents transport, meaning the articles have to be transported to the following link in the chain.



EXERCISE 24

Answer the following questions in the spaces provided.

1. Give another name for a trader
2. The retailer sells in quantities.
3. The wholesaler sells in quantities.
4. The retailer buys his paper from the
5. The manufacturer owns a
6. The manufacturer buys his wood from the
7. The links in the chain of distribution represents the following institutions:
 and
 and
 to the
8. Divide in groups and each group name other products which could be filled in the links of the chain instead of paper. Discuss your findings with the rest of the class. Draw the chain in the space provided.
9. Write the names of the different kinds of businesses in your own town as shown in the chain of distribution in the spaces below:

PRODUCERS	MANUFACTURERS	WHOLESALEERS	RETAILERS

LESSON 18

LEARNING AREA OUTCOMES

Learners will be able to demonstrate the ability to explore and engage in entrepreneurial activities through an understanding of the establishment of a business.

SPECIFIC OUTCOMES

By the end of the lesson the student should:

- know how a business is established;
- discuss the importance of the location of the business;
- explain the presence of competitors;
- discuss the steps to be taken by the shop-owner to start a business enterprise; and
- identify and develop the characteristics of an entrepreneur.

CONTENT

HOW A BUSINESS IS ESTABLISHED

When starting any form of business, some **business knowledge** is necessary in the first place. Hard work is required from the start.

In order to **start a business**, a person needs money, which is called **capital**. This capital could be in the form of a person's savings or borrowed money from someone else or from the bank. If capital is borrowed, interest will have to be paid on the loan.

The actual **location** or the place where the business is established is very important. It has to be situated close enough to the people who will be your prospective customers, but not too far from your home, not to experience transportation problems. The size of the shop should also suit the type of business. A large shop is not necessary when only small items are sold.

Another important fact that should be taken into consideration is the **presence of competitors** or rivals. Make sure that there are no other people having the same type of business in the surroundings.

Also confer with other shop-owners or a professional person to ascertain what amount is necessary for **capital**, as well as what expenses would have to be paid monthly (rent for the building, wages and water and electricity).

After deciding where the shop should be located and the amount needed for capital, that particular **building** should be bought or leased.

The next step would be to open a **current or cheque bank account** at a local bank in the name of your shop. It is essential for the firm to deposit the excess money in the bank to prevent it from being stolen. When any payment should be made, money is available at all times by means of writing out a cheque.

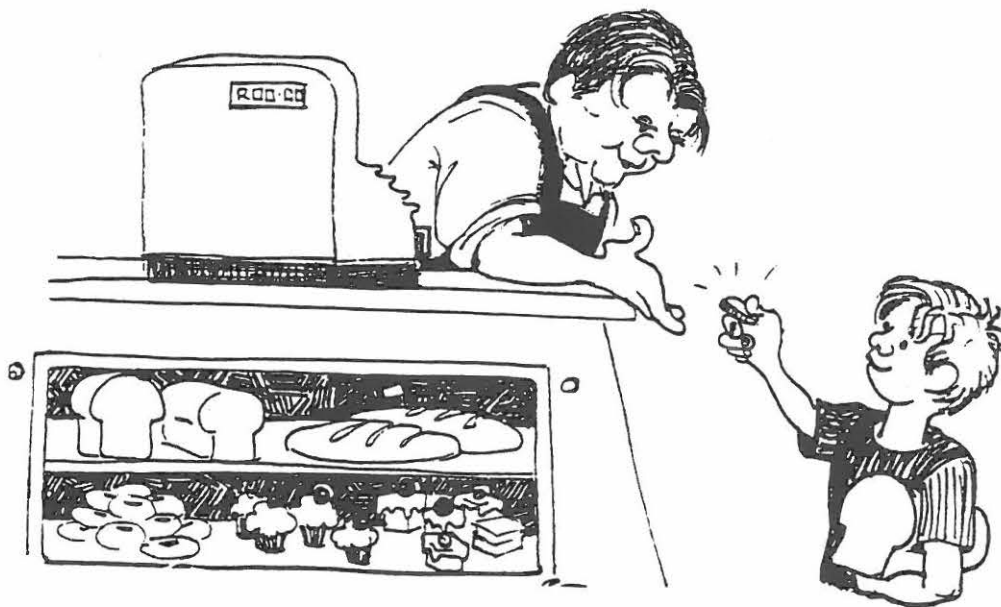
All **necessary equipment** (shelves and counters) should now be bought and placed in the appropriate places in the shop. This enables goods to be displayed in an attractive way so that it can be seen by all customers.

Factories and wholesalers should now be contacted in order to purchase the goods at the best price. After deciding where you are going to order from, goods should be **ordered** and paid for by the owner or bought on credit or on account.

When the goods arrive, the boxes have to be opened and an invoice will indicate the price of the articles. This price is called the **cost price** and is the price charged by the seller.

Goods are not sold at **cost price**. The **selling price** should now be **calculated**. This is done by adding a certain percentage to the cost price. This extra amount should not only be enough to cover all expenses, but also should provide for an extra amount as profit for the owner.

Goods are then sold at the **selling price** to the customers. The following is an example of goods being sold to a customer.



Note that the boy is buying a loaf of bread from a shopkeeper. The price he is paying is the **selling price**. The shopkeeper did not pay the same price for the loaf of bread, but a smaller amount, which is the **cost price**.

EXERCISE 25

Answer the following questions by filling in the missing words in the spaces provided.

1. In order to start a business, a person requires money or
.....
2. The location of a business means
.....
3. The presence of competitors means
.....
4. Equipment of a shop includes
5. Shelves are needed to your
goods in an attractive way.
6. A or cheque bank account is needed to
..... excess money in the shop.
7. Goods should be ordered from
or
8. The cost price is the price
9. The selling price is the cost price plus an extra amount
for and
10. Divide the class into groups. Each group decide on a
different kind of business which he or she would like to
start. The following questions should then be
considered:
 - 10.1 What amount of capital is needed for your kind of
business?
.....
 - 10.2 Where in your town would the best place or location be to
situate such a business and why?
.....
.....

10.3 Were competitors or other similar businesses in the area taken into consideration?

.....

10.4 Which bank would be approached to open a bank account and why would you choose that particular bank?

.....

10.5 What type of equipment (shelves or tables) would be most suitable for such a business?

.....

10.6 From where should goods be ordered?

.....

10.7 What do you think you could charge for the kind of goods you are going to sell?

.....

10.8 How many people will you have to employ and what will they do in your shop?

.....

10.9 Do you think your shop will do well in future? Why?

.....

10.10 Compare the findings with the class and write some notes about their shops in the spaces provided if you are interested.

.....

.....

.....



LESSON 19

LEARNING AREA OUTCOMES

Learners will be able to collect and organise economic data through an understanding of the recording of business activities.

SPECIFIC OUTCOMES

By the end of the lesson students should be able to:

- discuss the financial period;
- explain how transactions of firms are recorded in books;
 - compile a simple set of books for recording transactions;
- identify sources from which data can be collected; and
- use data to make accountable decisions.

CONTENT

RECORDING OF BUSINESS ACTIVITIES

The main objective of any business is to make a **profit**. To be able to calculate the profit, it is essential to know that profit is equal to income **earned**. This means that expenses which are to be paid in order to earn income, should firstly be subtracted from income in order to calculate the income earned.

These **calculations** should be done **once a year** and this period is called the **accounting period or financial period**. The accounting period does not match a calendar year (January to December), but it usually extends from 1 March of the one year to 28 February of the following year.

Every month the owner of the business writes all particulars of **transactions** (buying and selling and expenses incurred) from **source documents** (invoices, receipts and cheque counterfoils) in the **books** of the firm.

The first source document mentioned is an **invoice**. The invoice is used to record the amount of items bought or purchased plus the price charged for each item. These amounts are added to form the total of goods bought.

A **receipt as acknowledgement of payment**, is given to a customer after paying his/her account in cash or purchasing an item for cash.

When writing out a cheque, a small part on the left of the cheque form, is completed as proof of payment. This stub or small part of the cheque form, remains in your chequebook when tearing out the completed cheque form. This is called a **cheque counterfoil** and acts as **source document** when the books of the store are compiled.

The following are examples of source documents:

1. Invoice

INVOICE		20-8-1996	1
To/Mr L de Villiers			
Supplied by Frame House			
Address 16 Olympic Mansions			
1	Frame	125	00
Terms <u>Cash</u>		VAT inclusive	
Delete as applicable		%	
		TOTAL	125 00

2. Receipt

RECEIPT	
19-08-1996	
Received from <u>M Barnard</u>	
the sum of <u>two hundred</u> rands	
<u>only</u> cents	
<input type="checkbox"/> Cash <input checked="" type="checkbox"/> cheque	<div style="border: 1px solid black; padding: 5px; display: inline-block;">R200.00</div>
<u>M. Barnard</u> for <u>Frame House</u> In payment of <u>Capital Contribution</u>	

3. Cheque counterfoil

19-08-1996	DIE ABC BANK	VAN AFRICA BPK.	12-34-56-78
AAN To Frame House	OF AFRICA LTD.		
VIA FOR Frames	STEYNING: JOHANNESBURG	19-08-1996	
SALDO BAL. R	PAY/BETAL <u>Frame House</u>		
INDBT. R	<u>Two hundred rands</u>	<div style="border: 1px solid black; padding: 2px;">R200.00</div>	
DEP. R	<u>only</u>		
TOTAL R			
TJER R 200.00			
CHOL R			
SALDO BAL. R			
002	M. Barnard		
002 11000003 1234561 01230002411 01			

Different types of books are used to record monthly business transactions.

In **one set of books**, called the **cash book**, one section is used to record all the **cash received** during the month. This is done by using the duplicates of all receipts handed to customers when paying their accounts.

All **cash paid out** during the month is recorded in another section of the cash book. To be able to record cash paid out, all **cheque counterfoils** (the small part that remains in the cheque book after the cheque is removed) are used.

FIRST SET OF BOOKS

Here follows an example of a cash book. The cash book has to include the applicable month in the heading for reference purposes.

CASH BOOK FOR (month and year)

CASH RECEIVED		CASH PAID OUT	
Cash sales	R500	Telephone	R100
Cash sales	R600	Electricity	R120
Cash sales	R700	Cash purchases	R400
Cash sales	<u>R400</u>	Wages	<u>R300</u>
Total receipts	R2 200	Total payments	R920
Balance available for next month = R2 200 - R920 = R1 280			

SECOND SET OF BOOKS

All credit **invoices** (for selling and purchasing on account) will be used to record **another set of books**. The one section is used to record **sales on account** and the other section used to record all **purchases on account**.

CREDIT TRANSACTIONS FOR (month and year)

SALES ON ACCOUNT		PURCHASES ON ACCOUNT	
First week	R900	First week	R600
Second week	R650	Second week	R400
Third week	R550	Third week	R300
Fourth week	<u>R750</u>	Fourth week	<u>R450</u>
Total sales	R2 850	Total purchases	R1 750

THIRD SET OF BOOKS

A **third set of books** is compiled to indicate the total goods bought for cash and bought on account, as well as the goods sold for cash and on account during the month. The heading again should indicate the year and month in which the transactions take place for reference purposes.

TOTAL SALES AND PURCHASES FOR

TOTAL SALES

TOTAL PURCHASES

Cash sales	R2 200	Cash purchases	R400
Credit sales	<u>R2 850</u>	Credit purchases	<u>R1 750</u>
Total sales	R5 050	Total purchases	R2 150

Here follows an exercise to complete after referring to above examples.

EXERCISE 26

1. Compile a set of books consisting of **three parts** from the following information:

Mr A. Mokone did the following business in March 1996:

- 1 March: Bought goods for R500 and paid by cheque.
- 3 March: Sold goods on account for R300.
- 5 March: Goods sold for cash for R600.
- 6 March: Paid wages of R50 in cash.
- 10 March: Bought goods on account for R300.
- 12 March: Sold goods on credit for R400.
- 13 March: Paid wages of R50 in cash.
- 17 March: Goods sold on credit for R200.
- 21 March: Wages of R50 paid in cash.
- 25 March: Sold goods for cash, R600.
- 30 March: Electricity for R130, paid by cheque.
- 31 March: Paid the telephone in cash, R75.

INSTRUCTIONS

Compile a set of books for Mr Mokone for the month March 1996 on the next page.

- 1.1 Compile the cash book for the month March 1996. After completion of the cash book, calculate the amount of cash Mr Mokone has available at the end of the month.
- 1.2 Compile a book consisting of two parts in which the amount of sales and purchases on account is calculated.
- 1.3 Compile a book consisting of two parts in which the total amount of sales and purchases is calculated (cash and on account).

1.1 CASH BOOK FOR

CASH RECEIVED

CASH PAID OUT

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

TOTAL CASH AVAILABLE FOR APRIL 1996

Cash received	.....
Less Cash paid out	.....
Cash available for April	.....
-----	-----

1.2 CREDIT SALES AND PURCHASES FOR.....

SALES ON ACCOUNT

PURCHASES ON ACCOUNT

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

1.3 TOTAL SALES AND PURCHASES FOR

TOTAL SALES

TOTAL PURCHASES

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

for information and each transaction.

- 2.1 Mr Mokone bought the following goods from American Wholesalers on 1 March 1996:
- 10 shirts @ R15 each
 - 5 pairs of shoes @ R40 each
 - 3 ladies' dresses @ R50 each
- 2.2 He paid these goods by cheque on the same day. He uses the First National Bank.
- 2.3 American Wholesalers hands him a receipt as proof that he has paid.

INVOICE		No. 618	
To		106 Rand Street 1930 Vereeniging 19.....	
Purchased from:			
<i>Quantity</i>	<i>Description</i>	<i>Price</i>	<i>Amount</i>
E. & O.E.			

AAN TO VIR FOR	DIE THE	BANK VAN AFRIKA BPK. (OERRE RECHTS SAARDE) OF AFRICA LTD. (REG. COMP. BANK) STEYNING: JOHANNESBURG	19 12-34-56-78
-----------------------------	------------	--	-----------------------

SALDO BAL. R INDET. DEP. R TOTAAL TOTAL R TJEK CHK. R SALDO BAL. R	PAY/DETAL TREASURER/OF TOONDER <div style="border: 1px solid black; height: 40px; width: 100%;"></div>
---	--

002	002	⑈00000⑆ ⑈123456⑈ ⑈01123000214⑈ ⑈0⑆
-----	-----	------------------------------------

RECEIPT		No. 803
Received with thanks from.....		.....19.....
for.....		
the amount of .....rands		
.....cents		
<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;"> cash </div>	<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;"> cheque </div>	
99		.....for.....

LESSON 20

LEARNING AREA OUTCOMES

Learners will be able to collect, organise and interpret financial data through an understanding of an income statement and a balance sheet.

SPECIFIC OUTCOMES

After completing this lesson, the student should:

- know how an income statement is compiled;
- explain the term net income;
- know how a balance sheet is compiled, as well as the components of the balance sheet;
- differentiate between assets and liabilities;
- identify sources from which data can be collected; and
- use data to make accountable decisions.

CONTENT

INCOME STATEMENT AND BALANCE SHEET

The owner or bookkeeper of a business keeps a record of all transactions entered into by the business month after month. The twelfth set of books are compiled on the **last day of the accounting year**, showing all the business transactions during the twelve months as you have noticed in the previous lesson.

These records do not make provision for the calculation of any profits or losses and this is usually done at the end of the financial year, although it could be calculated at the end of each month by compiling an income statement.

INCOME STATEMENT

When then **the books** are complete, an **Income Statement** is made. Only the income and expenses for the year is shown in the Income Statement. Expenses are subtracted from income. The difference is called the net profit. This amount is the reward for entrepreneurship during the year, and is added to the capital contribution of the owner. An example follows:

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 1996

Income from sales or services rendered		10 000
Less the following expenses		
Stationery	150	
Wages	750	
Trading licence	300	
Water and electricity	<u>550</u>	<u>1 750</u>
Net income (excess of income over expenses)		<u>R8 250</u>

BALANCE SHEET

The **financial position** of the firm is **calculated** by compiling a **Balance Sheet**. The financial position of a business should show where the business obtained its funds (capital) from and how much, and it should clearly show how the business made use of the relevant funds (what has been bought, paid for and what is still owed). The net income, calculated in the Income Statement, is then added to the capital of the owner to increase his share in the business.

All items (Vehicles, Equipment) which are not for resale and which are used in order to create an income for the business, are called **assets**. Items which are bought with the purpose of **selling them at a profit**, are Trading Stock or goods. Cash is also considered as an asset.

When goods are **bought on account** for the purpose of reselling them, those amounts should be repaid within a fixed period, usually a month or two. These amounts are owed to **creditors** of the firm and is considered as a liability of the firm.

The amount the owner has contributed towards the shop, remains his property as long as the shop exists. This amount is then considered as a **liability** of the shop, and thus it will be listed under liabilities. The net profit is added yearly to the **capital contribution** as compensation for his/her effort to operate the shop.

An example of a **balance sheet** is:

BALANCE SHEET ON 28 FEBRUARY 1996

Assets		Liabilities	
Vehicles	45 000	Owner's equity	
Equipment	18 000	Capital employed the	
Cash	60 700	previous year	100 000
		Plus net profit	<u>3 700</u>
			103 000
		Creditors	20 000
	<u>R123 700</u>		<u>R123 700</u>

This calculation shows that the **assets are equal to the liabilities** of a firm. In accounting terms, this is called the **accounting equation**, which should always balance to indicate that no irregularities occurred in the business during the financial year. The balance sheet also serves as indication that the owner's equity improves or not over the following years.

EXERCISE 27

Answer the questions that follow in the spaces provided.

1. The main objective of any business is to
.....
2. The calculations done once a year in any business is
called the
3. Buying and selling and expenses incurred are called
.....
4. Give 3 examples of source documents
.....
5. When the books of a business have been completed at the
end of the financial period, what is prepared?
.....
6. Why is the Income Statement prepared?
.....
7. Give 3 examples of assets of a business
.....
8. What is a liability?
.....
9. Mr Modise owns a shop. He repairs electrical appliances
such as stoves and freezers. He did the following
business in June 1996.

1 June: Received R1 200 for services rendered
4 June: Paid for a trading licence for R175
7 June: Paid wages for R200 in cash
10 June: Received R600 for services rendered
16 June: Paid electricity in cash, R130
22 June: Paid wages in cash, R200
26 June: Paid the telephone for R175

- 9.1 Calculate his profit for the month of June in the spaces below by compiling an income statement.

INCOME STATEMENT FOR THE MONTH JUNE 1996

10. Compile a simple Balance Sheet on 31 July 1996 from the following information.

Mr. Mokone has the following assets;

- * a delivery vehicle worth R10 000,
- * goods for R2 000 which he has not sold
- * equipment (shelves in the shop) for R3 000

He has the following liabilities;

- * he owes creditors R1 500,
- * his capital in the business is R12 000,
- * his profit is R2 500.

BALANCE SHEET ON

ASSETS

LIABILITIES

EVALUATION 5

Marks: 30

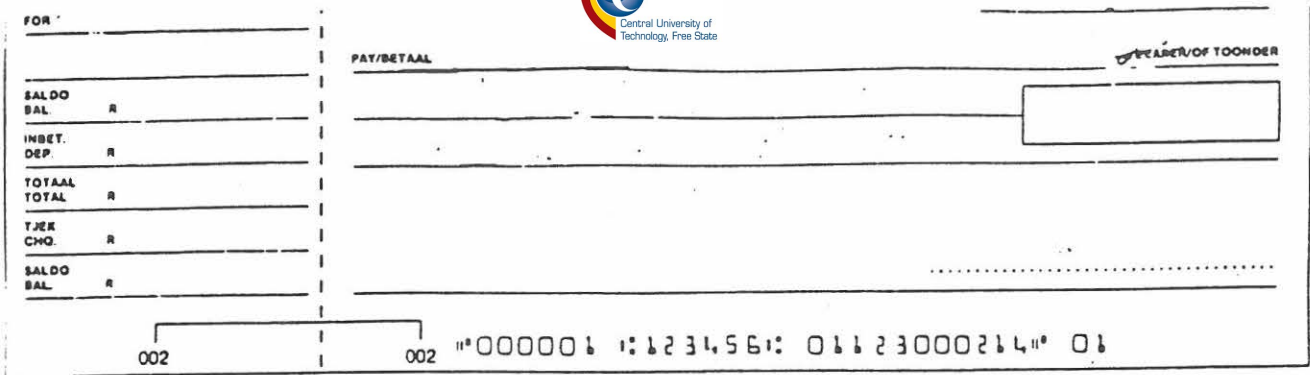
Time: one period

1. The following questions have four possible answers, indicated by (a), (b), (c), and (d). Choose the correct answer by placing a tick on the correct number.
 - 1.1 When two plumbers join their skills, their business is called:
 - (a) a sole proprietorship
 - (b) a close corporation
 - (c) a partnership
 - (d) a public company
 - 1.2 Goods are sold in small quantities by a:
 - (a) wholesaler
 - (b) retailer
 - (c) producer
 - (d) manufacturer
 - 1.3 The first item needed to start a business is:
 - (a) equipment
 - (b) goods to sell
 - (c) a cheque book
 - (d) capital
 - 1.4 The financial period when recording business activities, is:
 - (a) 1 April to 31 May
 - (b) 1 March to 28 February
 - (c) 1 January to 31 December
 - (d) 1 February to 31 January
 - 1.5 The source document used when a person has paid his account is:
 - (a) an invoice
 - (b) a cheque counterfoil
 - (c) a receipt
 - (d) a credit invoice

(10)
2. Complete the blank cheque and receipt on the following page, using the following particulars:

Mr Tladi bought goods on account from Mr Mabuse who owns a General Dealer's Store in March 1998 for R750. On 3 June 1998 he pays the full amount by a cheque of the First National Bank.

(10)



RECEIPT		No. 803
Received with thanks from.....		.....19....
for.....		
the amount of .....rands		
.....cents		
<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;">cash</div>	<div style="border: 1px solid black; display: inline-block; padding: 2px 10px;">cheque</div>	
.....		for

3. Calculate the excess of income over expenses by compiling the correct statement for the year ended 28 February 1998. Use the correct terms for all entries.

Mr Brown opened a hairdressing salon on 1 March 1997. His income from services rendered amounted to R18 450 for the year. He had to pay the following expenses during the course of the year. He paid R300 for his trading licence, and paid wages of R600 to an assistant per month. The water and electricity amounted to R3 600 for the year and he used stationery for R250.

[illegible]

EXERCISE 28

REVISION

Indicate the meanings of the concepts in the spaces provided:

1. WORK SPECIALIZATION
.....
2. SKILLED WORKERS
.....
3. INTELLECTUAL WORK
.....
4. ENTREPRENEUR
.....
5. EMPLOYMENT
.....
6. OCCUPATION
.....
7. CONSUMER GOODS
.....
8. DURABLE GOODS
.....
9. DEMAND
.....
10. MANUFACTURE
.....
11. NATURAL RESOURCES
.....
12. CAPITAL
.....
13. PROFIT
.....
14. TAXATION
.....

15. P.A.Y.E.
16. CURRENCY
.....
17. INTEREST
.....
18. DEPOSIT
.....
19. CURRENT BANK ACCOUNT
.....
20. BUDGET
.....
21. INSTALMENTS
.....
22. FINANCE CHARGES
.....
23. PARTNERSHIP
.....
24. DIVIDENDS
.....
25. ENTERPRISE
.....
26. RETAILER
.....
27. CONSUMER
.....
28. COST PRICE
.....
29. EQUIPMENT
.....

30. FINANCIAL PERIOD
.....
31. INVOICE
.....
32. CHEQUE COUNTERFOIL
.....
33. PURCHASES
.....
34. CREDITORS
.....
35. ASSETS
.....
36. LIABILITIES
.....